

Government That Works!

NEW JERSEY DEPARTMENT OF THE TREASURY

LOCAL GOVERNMENT BUDGET REVIEW

HILLSBOROUGH TOWNSHIP BOARD OF EDUCATION

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GOVERNMENT THAT WORKS

OPPORTUNITIES FOR CHANGE

The Report of the Hillsborough Township Board of Education

New Jerseyans deserve the best government their tax dollars can provide. Governor Whitman is committed to making state government leaner, smarter and more responsive by bringing a common sense approach to the way government does business. It means taxpayers should get a dollar's worth of service for every dollar they send to government, whether it goes to Trenton, their local town hall or school board. Government on all levels must stop thinking that money is the solution to their problems and start examining how they spend the money they now have. It is time for government to do something different.

Of major concern is the rising cost of local government. There is no doubt that local government costs and the property taxes that pay for them have been rising steadily over the past decade. Prior to Governor Whitman's taking office in 1994, the state had never worked as closely with towns to examine what is behind those costs. That is why she created the Local Government Budget Review (LGBR) program. Its mission is simple: to help local governments and school boards find savings and efficiencies without compromising the delivery of services to the public.

The LGBR program utilizes an innovative approach combining the expertise of professionals, primarily from the Departments of Treasury, Community Affairs and Education, with team leaders who are experienced local government managers. In effect, it gives local governments a comprehensive management review and consulting service by the state at no cost. To find those "cost drivers" in local government, teams review all aspects of local government operation, looking for ways to improve efficiency and reduce costs.

In addition, teams also document those state regulations and mandates which place burdens on local governments without value added benefits and suggest, on behalf of local officials, which ones should be modified or eliminated. Teams also look for "best practices" and innovative ideas that deserve recognition and other communities may want to emulate.

Based upon the dramatic success of the program and the number of requests for review services, in July, 1997, Governor Whitman ordered the expansion of the program, tripling its number of teams in an effort to reach more communities and school districts. The ultimate goal is to provide assistance to local government that results in meaningful property tax relief to the citizens of New Jersey.

THE REVIEW PROCESS

In order for a town, county or school district to participate in the Local Government Budget Review program, a majority of the elected officials must request the help of the review team through a resolution. There is a practical reason for this: to participate, the governing body must agree to make all personnel and records available to the review team, and agree to an open public presentation and discussion of the review team's findings and recommendations.

As part of the review, team members interviewed each elected official, as well as employees, appointees, members of the public, contractors and any other appropriate individuals. The review teams examine current collective bargaining agreements, audit reports, public offering statements, annual financial statements, the municipal code and independent reports and recommendations previously developed for the governmental entities, and other relevant information. The review team physically visits and observes the work procedures and operations throughout the governmental entity to observe employees in the performance of their duties.

In general, the review team received the full cooperation and assistance of all employees and elected officials. That cooperation and assistance was testament to the willingness on the part of most, to embrace recommendations for change. Those officials and employees who remain skeptical of the need for change or improvement will present a significant challenge for those committed to embracing the recommendations outlined in this report.

Where possible, the potential financial impact of an issue or recommendation is provided in this report. The recommendations do not all have a direct or immediate impact on the budget or the tax rate. In particular, the productivity enhancement values identified in this report do not necessarily reflect actual cash dollars to the municipality, but do represent the cost of the entity's current operations and an opportunity to define the value of improving upon such operations. The estimates have been developed in an effort to provide the entity an indication of the potential magnitude of each issue and the savings, productivity enhancement, or cost to the community. We recognize that all of these recommendations cannot be accomplished immediately and that some of the savings will occur only in the first year. Many of these suggestions will require negotiations through the collective bargaining process. We believe, however, that these estimates are conservative and achievable.

**LOCAL GOVERNMENT BUDGET REVIEW
EXECUTIVE SUMMARY
HILLSBOROUGH TOWNSHIP BOARD OF EDUCATION**

Technology

The district could save approximately \$139,045 by conducting an annual fixed asset inventory for photocopiers and by utilizing the state cost-per-copy contract.

Instruction

The district should consider participating in the SEMI program for a savings of \$6,000 in the first year and an estimated \$4,000 annual revenue increase.

The district should also consider hiring one additional nursing professional at an annual expense of \$38,500.

Business Office

The district could yield a savings of \$160,295 by expanding its cooperative purchasing efforts by joining with other school districts.

Facilities & Operations

The district could save \$337,000 in direct personnel costs through privatization of its custodial services.

Transportation

The team recommends the district carefully assess the student routes sent to the Somerset County Educational Services Commission (SCESC) for bidding under statute N.J.S.A. 18A: 39-3 et seq., as some of the routes could be combined for a savings of \$35,000. The district should also consider combining routes to the Somerset Secondary Academy and the Somerset Elementary Academy for an additional savings of \$11,800.

By eliminating courtesy busing and eight kindergarten routes, and by reassigning the remaining 23 kindergarten routes, the district could save approximately \$640,500.

Collective Bargaining Issues

Facilities & Operations

Subject to applicable collective bargaining requirements, the district could reduce overtime for custodial services by assigning shifts of Tuesday – Saturday and Sunday – Thursday for savings of approximately \$91,200.

Health Insurance

The district should consider negotiating health insurance cost sharing arrangements with the education association for a potential savings of \$837,248.

**COMPARISON OF BUDGET APPROPRIATION, STATE AID
AND LOCAL TAX RATE WITH RECOMMENDED REDUCTIONS IN
THE HILLSBOROUGH TOWNSHIP BOARD OF EDUCATION**

<u>Areas Involving Monetary Recommendations</u>	<u>One-time Savings/ Expense</u>	<u>Annual Savings/ Expense</u>	<u>*Potential Savings</u>	<u>Totals</u>
Technology				
Conduct annual fixed asset inventory		\$8,485		
Use state cost-per-copy contract		\$130,560		
				\$139,045
Instruction				
Participate in SEMI program	\$6,000	\$4,000		
Hire one additional nursing professional		(\$38,500)		
				(\$28,500)
Business Office				
Combine purchasing of school supplies with other districts		\$160,295		
				\$160,295
Facilities & Operations				
Reduce overtime for custodial services			\$91,200	
Privatize custodial services		\$337,000		
				\$337,000
Transportation				
Reassess student routes sent to SCESC		\$35,000		
Combine routes to Somerset Secondary & Elementary Academy		\$11,800		
Eliminate courtesy busing		\$492,000		
Eliminate eight kindergarten routes		\$39,600		
Reassign remaining 23 kindergarten routes		\$62,100		
				\$640,500
Collective Bargaining Issues				
<i>Health Benefits</i>				
Negotiate health insurance cost sharing arrangement w/association			\$837,248	
Total Recommended Savings	\$6,000	\$1,242,340	\$928,448	\$1,248,340

COMPARISON OF BUDGET APPROPRIATION, STATE AID AND LOCAL TAX RATE WITH RECOMMENDED REDUCTIONS IN THE HILLSBOROUGH TOWNSHIP BOARD OF EDUCATION

<u>Areas Involving Monetary Recommendations</u>	<u>One-time Savings/ Expense</u>	<u>Annual Savings/ Expense</u>	<u>*Potential Savings</u>	<u>Totals</u>
*\$928,448 not included in savings of \$1,248,340.				
Total Amount Raised for School Tax				\$37,454,738
Savings as a % of School Tax				3%
Total Budget				\$68,697,508
Savings as a % of Budget				2%
Total State Aid				\$24,147,016
Savings as a % of State Aid				5%

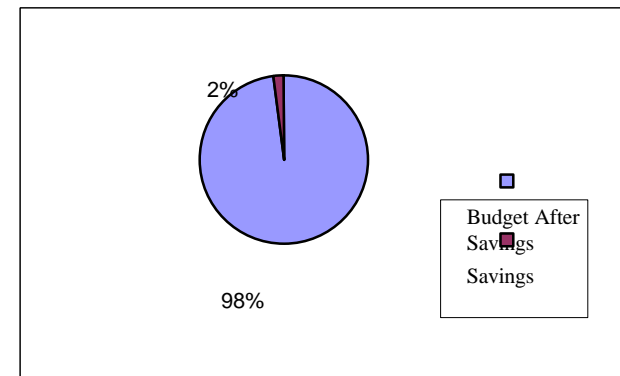
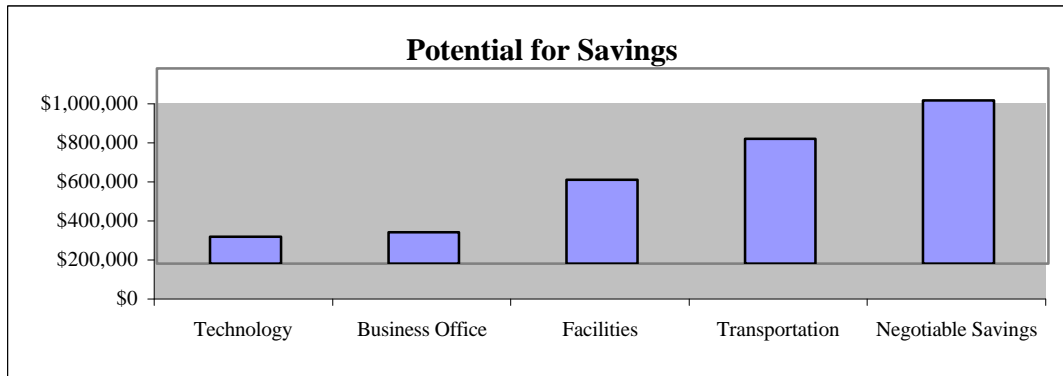


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COMMUNITY OVERVIEW

Hillsborough Township is a rural/suburban community located in Somerset County in Central New Jersey. The community lies approximately 50 miles from New York City to the northeast and 50 miles from Philadelphia to the southwest. The township is topographically flat with some areas of gently rolling hills. The most prominent geographical feature is Sourland Mountain whose eastern and northern slopes embrace the western portion of the community. Neighboring counties include Mercer to the south, Hunterdon to the west, Morris in the north and Middlesex, Essex and Union counties to the east. The county is bisected by Route 206 and has access to main New Jersey thoroughfares and the adjoining metropolitan areas.

The population of the community, according to the 1980 United States Census was 19,061. This increased to 28,808 in 1990 and was estimated to be 32,516 in 1996. Approximately 89% of the community are White, 3% Afro-American, 5% Asian and 3% Hispanic. The median family income as of 1989 was \$62,724 and per capita income was \$22,449. The 54.7 miles of the township is approximately half developed with a mixture of housing types to include single family homes, townhouses, condominiums and garden type apartments. In 1990, 75% of the work force was employed in either professional or technical positions. A township committee composed of five members, each elected for a staggered three-year term, governs Hillsborough. The day to day operations of the township are managed by a township administrator.

The Hillsborough Schools are governed by an elected board of education. Its nine members serve staggered three-year terms with one individual serving as president and one as vice-president on a yearly basis. The district is comprised of nine schools serving a student population in excess of 6,500. There are seven elementary schools grades kindergarten through fifth, one middle school with grades six through eight and one ninth through twelfth grade high school. The school district, as the community, is experiencing continuous growth. The United States Census Bureau in 1998 estimated that Somerset County had grown by well over 2% per year since 1990 making it the fastest growing county in New Jersey. Hillsborough Township Schools did not escape this rapid growth. Two hundred and sixty students new to the district had enrolled by October, 1999. A new elementary school opened in September, 1999 and a significant expansion project at the high school has been completed over the last two years.

The school district, according to the 1998-99 Comprehensive Annual Financial Report (CAFR), employs 776 staff members to include 620 professionals and 156 non-professionals. The New Jersey Department of Education (DOE) ranks the district in the "I" category of District Factor Groups (DFG). This is the indicator of the socio-economic status of the citizens of the district. The "I" grouping is the second highest or wealthiest of the eight groups.

I. BEST PRACTICES

A very important part of each Local Government Budget Review report is the Best Practices section. During the course of every review, each review team identifies procedures, programs and practices that are noteworthy and deserving of recognition. Best practices are presented to encourage replication in communities and schools throughout the state. By implementing these practices, municipalities and school districts can benefit from the Local Government Budget Review process and possibly save considerable expense on their own.

Just as we are not able to identify every area of potential cost savings, the review team cannot cite every area of effective effort. The following are those best practices recognized by the team for cost and/or service delivery effectiveness.

In the area of professional development, the district has initiated some cost savings measures. The locally delivered Continuing Education Units (CEU) program provides locally targeted training experiences for staff at a significantly reduced cost to the district. Moreover, the district participates with both the College of New Jersey and Princeton University in a consortium of districts where high quality staff development is provided at a reasonable cost to the district.

Teachers as Scholars (TAS) is a new partnership between Princeton University and surrounding school districts, including the Hillsborough School District, to provide scholarly and intellectually engaging opportunities for teachers. The program is organized and administered through the University's teacher preparation program. Princeton faculty and staff teach the three or four-day seminars for area teachers over three to eight weeks during a semester. Seminars cover a wide range of topics and subject areas and are open to elementary and secondary level teachers from all subject areas. Local school districts provide substitute teachers and release time for teachers on seminar days.

In the near future the Regional Cable Network has agreed to install without charge to the local school district a fiber optic institutional network for the 10 school sites and the township. The value of this installation is estimated as roughly \$1 million. After a community-based needs assessment, this agreement was reached during negotiations for contract renewal with the cable company. The benefits to the school district will be faster, more efficient communications, as well as a reduction in phone line annual costs of about \$40,000.

The district has been a recipient of New Jersey State Systemic Initiative (NJSSI) grants through Rutgers University, with an initial three-year grant of about \$150,000 in staff development/materials procurement grant dollars. The district currently uses an additional \$15,000 in NJSSI funds to train staff and acquire elementary and middle school instructional supplies.

In recent years, the district has been successful in controlling health care benefits costs through the movement of many employees to a managed care program. Through an administrative initiative, school officials were able to motivate some employees to utilize the managed care options. Additionally, negotiations with the local bargaining units resulted in savings.

All administrative and supervisory personnel currently make contributions to their health insurance premiums, which now collectively amounts to savings of \$28,000 annually. Further, the Hillsborough Education Association (HEA) provides for a “tiered” arrangement wherein new employees in the first three years of employment receive without charge only the Designated Provided Program (DPP) coverage by the school district. This arrangement, with nearly half of the membership participating in the DPP rather than a traditional plan, currently saves the school district about \$575,000 annually.

The district receives annual financial support from a number of supportive partners. Among those contributing annually are:

- Hillsborough Life Skills Committee - \$5,000.
- Hillsborough Education Foundation - \$15,000.
- Hillsborough/Millstone Municipal Alliance - \$20,000.
- Home and School Associations - \$100,000.

The review team was favorably impressed with the continuing attention by Hillsborough school officials to cost effectiveness in providing a quality education and to the administrative controls in place to implement the related decisions.

II. OPPORTUNITIES FOR CHANGE/FINDINGS AND RECOMMENDATIONS

The purpose of this section of the review report is to identify opportunities for change and to make recommendations that will result in more efficient operations and financial savings to the school district and its taxpayers.

In its study, the review team found that the district makes a conscious effort to control costs and to explore areas of cost saving efficiencies in its operations. Many of these are identified in the Best Practices section of this report. Others will be noted as appropriate in the findings to follow. The district is to be commended for its efforts. The review team did find areas where additional savings could be generated and has made recommendations for change that will result in reduced costs or increased revenue.

Where possible, a dollar value has been assigned to each recommendation to provide a measure of importance or magnitude to illustrate cost savings. The time it will take to implement each recommendation will vary. It is not possible to expect the total projected savings to be achieved in a short period of time. Nevertheless, the total savings and revenue enhancements should be viewed as an attainable goal. The impact will be reflected in the immediate budget, future budgets, and the tax rate(s). Some recommendations may be subject to collective bargaining considerations and therefore, may not be implemented until the next round of negotiations. The total savings will lead to a reduction in tax rates resulting from improvements in budgeting, cash management, cost control and revenue enhancement.

COMPARATIVE ANALYSES

LGBR uses various methods to analyze school districts. One method is to compare districts to one another using information from the Department of Education (DOE) and from the Comprehensive Annual Financial Audit. Districts may be compared to appropriate statewide averages or medians. At other times a comparison is made among districts that are similar in type (K-12), size and socioeconomic characteristics. The most recent comparative data used in this report was compiled in the school year 1998-99 which was the most current available. Other methods used by LGBR include reviewing district documents and identifying benchmarks or related information from various state agencies, state education associations, various publications and private industry.

The school districts that were used for detailed comparison with Hillsborough include Scotch Plains-Fanwood Regional, Randolph Township and South Brunswick Township. LGBR selected these school districts because they are similar in terms of type, size and socio-economic characteristics. Table 1 provides statistical data on the Hillsborough School District and the comparison districts. Each district has an elected Board of Education, K-12 enrollments, which range between 4,300 and 6,612 and between six and 11 schools (98-99). Other comparisons include teacher/student ratios at elementary, middle and high school levels. The Hillsborough School District has the least number of students per teacher at the elementary and middle levels and the second lowest at the high school level. In comparison, the district has the highest ratio of

students per administrator. The median administrator's salary is the lowest of the comparable districts and the median teacher's salary is the second lowest. The latter (\$42,687) is attributable, in part, to the relatively low median years of experience.

Table 1
School District Comparisons based on General Characteristics

Description	Hillsborough	Scotch Plains Fanwood	Randolph	South Brunswick
County	Somerset	Union	Morris	Middlesex
District Type	II	II	II	II
Grades	K-12	K-12	K-12	K-12
District Factor Group	I	I	I	I
Cert. Employees	620	374	430	672
Other Employees	156	276	196	403
Total Employees	776	650	626	1,075
Square Miles	54.7	20	20.88	41.7
Number of Schools				
Elementary	6	5	4	9
Middle	1	2	1	1
High School	1	1	1	1
Total Schools	8	8	6	11
Average Daily Enrollment	6,516	4,300	4,883	6,612
Teacher/Student Ratio				
Elementary	1:12.3	1:21	1:14.3	1:13
Middle	1:11	1:19	1:11.7	1:13
High School	1:12.8	1:21	1:11.4	1:12.2
Administrative Personnel				
Number of Administrators	30.5	26.3	30	34.5
Students per Administrator	225.2:1	162.4:1	171.1:1	216.7:1
Faculty per Administrator	19.7:1	13.7:1	13.7:1	17.5:1
Median Salary				
Faculty	\$42,687	\$49,645	\$51,775	\$40,650
Administrators	\$87,157	\$92,860	\$90,888	\$90,480
Median Years of Experience				
Faculty	8	17	16	9
Administrators	26	31	28	22
Instructional Time	5 hrs, 40 min	6 hrs, 1 min	6 hrs, 42 min	5 hrs, 40 min
Dropout Rate	1.1%	0.1%	1.1%	0.8%
Student Mobility Rate	6.9%	2.6%	5.9%	9.7%

Source: 1997-98 School Report Card, 1998/99 CAFR, and 1999 Department of Education Comparative Spending Guide

Average Daily Enrollment data was obtained directly from Districts and is based on their reporting figures in the New Jersey Department of Education Summary for School Year 1998-1999 School District/District ADE/ADA Summary.

The next step in the comparison of the like districts is to review information contained in the 1998-1999 Comprehensive Annual Financial Report (CAFR) in revenue. The data indicates that the districts are similar to one another. Table 2 data indicates that the majority of revenue received by Hillsborough (over 60%) is derived from local sources. Approximately 37% of the district's funding comes from state aid and just over 1% from federal sources.

Table 2 Comparison of Revenues								
Revenues	<u>Hillsborough</u>		<u>Scotch Plains-Fanwood</u>		<u>Randolph</u>		<u>South Brunswick</u>	
General Fund								
Local Tax Levy	\$33,588,729	52.1%	\$38,226,549	81.7%	\$32,030,884	62.0%	\$49,263,567	72.8%
Federal Aid								
State Aid	\$21,943,447	34.0%	\$6,506,843	13.9%	\$14,951,394	28.9%	\$10,115,293	14.9%
Transportation Fees	\$33,361	0.1%		0.0%		0.0%		0.0%
Interest on Investments	\$209,581	0.3%			\$74,296		\$206,616	
Tuition	\$422,263	0.7%		0.0%	\$15,010	0.0%	\$159,855	0.2%
Miscellaneous	\$121,544	0.2%	\$230,024	0.5%	\$1,412,018	2.7%	\$307,704	0.5%
Total General Fund	\$56,318,925	87.3%	\$44,963,416	96.1%	\$48,483,602	93.9%	\$60,053,035	88.7%
Special Revenue Fund								
State Aid	\$320,852	0.5%	\$512,504	1.1%	\$298,650	0.6%	\$542,038	0.8%
Federal Aid	\$834,777	1.3%	\$612,542	1.3%	\$448,587	0.9%	\$842,969	1.2%
Other	\$11,590	0.0%	\$151,934	0.3%		0.0%	\$7,222	0.0%
Total Revenue Fund	\$1,167,219	1.8%	\$1,276,980	2.7%	\$747,237	1.4%	\$1,392,229	2.1%
Debt Service Fund								
Local Tax Levy	\$3,866,009	6.0%	\$522,208	1.1%	\$1,467,812	2.8%	\$4,880,978	7.2%
State Aid	\$1,882,717	2.9%		0.0%	\$470,338	0.9%	\$1,380,079	2.0%
Other	\$318,427	0.5%						
Total Debt Service Fund	\$6,067,153	9.4%	\$522,208	1.1%	\$1,938,150	3.8%	\$6,261,057	9.2%
Fiduciary Fund Type								
State Aid		0.0%		0.0%		0.0%		0.0%
Federal Aid		0.0%		0.0%		0.0%		0.0%
Other	\$2,112	0.0%	\$6,427	0.0%	\$13,066	0.0%		0.0%
Total Fiduciary Fund Type	\$2,112	0.0%	\$6,427	0.0%	\$13,066	0.0%	\$0	0.0%
Capital Projects								
Other	\$964,465	1.5%		0.0%	\$468,550	0.9%		0.0%
Total Capital Projects	\$964,465	1.5%	\$0	0.0%	\$468,550	0.9%	\$0	0.0%
Total Revenues (All Fund)	\$64,519,874	100%	\$46,769,031	100%	\$51,650,605	100%	\$67,706,321	100%

Source: School districts' 1998-99 Comprehensive Annual Financial Report

General fund expenditures of the four districts are displayed in Table 3. In each area a dollar figure is given with a percentage of the total expenditure in the column to the right. Instructional costs in all four districts are very similar. While Hillsborough spends the most on total instructional cost (47.4% to an average of 44.4%), per pupil cost is second lowest by a large margin. The district's administrative costs are the lowest of the four districts by a considerable margin (5.3% to an average of 7.4%). Additionally Hillsborough spends the lowest amount on support services by an average of \$514 per pupil.

Table 3
Comparison of General Fund Expenditures

Actual	Hillsborough		Scotch Plains-Fanwood		Randolph		South Brunswick	
Regular Program - Inst.	\$21,016,267	37.2%	\$16,360,683	36.5%	\$17,414,138	37.7%	\$20,018,739	33.2%
Special Education	\$3,223,617	5.7%	\$2,781,181	6.2%	\$2,034,884	4.4%	\$3,105,591	5.2%
Basic Skills - Remedial	\$1,493,571	2.6%	\$652,658	1.5%	\$337,889	0.7%	\$1,413,602	2.3%
Bilingual Education	\$228,730	0.4%	\$44,767	0.1%	\$137,764	0.3%	\$147,123	0.2%
Sponsored Cocurr. Activities	\$139,555	0.2%	\$188,776	0.4%	\$286,860	0.6%	\$173,125	0.3%
Sponsored Athletics	\$651,217	1.2%	\$516,381	1.2%	\$711,911	1.5%	\$446,436	0.7%
Community Services Program	\$0	0.0%	\$106,704	0.2%	\$0	0.0%	\$6,000	0.0%
Total Instructional Cost	\$26,752,957	47.4%	\$20,651,150	46.1%	\$20,923,446	45.2%	\$25,310,616	42.0%
Undistributed Exp. - Ins.	\$2,184,348	3.9%	\$2,118,701	4.7%	\$1,936,737	4.2%	\$2,512,666	4.2%
General Administration	\$764,143	1.4%	\$732,083	1.6%	\$1,567,656	3.4%	\$1,174,654	1.9%
School Administration	\$2,210,202	3.9%	\$2,583,595	5.8%	\$2,228,662	4.8%	\$2,769,955	4.6%
Total Administration Cost	\$2,974,345	5.3%	\$3,315,678	7.4%	\$3,796,318	8.2%	\$3,944,609	6.5%
Health Service	\$542,478	1.0%	\$489,138	1.1%	\$434,652	0.9%	\$707,637	1.2%
Attend. & Soc. Work Serv.	\$8,768	0.0%	\$59,361	0.1%	\$23,083	0.0%	\$54,073	0.1%
Student Related & Extra Serv.	\$932,998	1.7%	\$270,739	0.6%	\$392,588	0.8%	\$586,512	1.0%
Other support Service	\$1,713,399	3.0%	\$1,403,882	3.1%	\$1,956,360	4.2%	\$2,179,889	3.6%
Other - Imp. of Inst. Service	\$1,045,073	1.8%	\$883,352	2.0%	\$1,123,037	2.4%	\$347,704	0.6%
Media Serv./Sch. Library	\$715,324	1.3%	\$430,069	1.0%	\$509,508	1.1%	\$777,698	1.3%
Inst. Staff Training Serv.	\$64,488	0.1%	\$274,956	0.6%	\$78,889	0.2%	\$409,586	0.7%
Operation of Plant	\$4,394,887	7.8%	\$4,137,007	9.2%	\$4,071,617	8.8%	\$6,692,441	11.1%
Business & Other Sup. Serv.	\$6,470,614	11.5%	\$6,057,086	13.5%	\$4,639,642	10.0%	\$7,347,631	12.2%
Total Support Services	\$15,888,029	28.1%	\$14,005,590	31.3%	\$13,229,376	28.6%	\$19,103,171	31.7%
TPAF Pension & Reimb. SS	\$2,260,581	4.0%	\$1,516,290	3.4%	\$1,244,426	2.7%	\$1,420,603	2.4%
Reimb. TPAF SS Contrib.	\$1,464,607	2.6%	\$1,618,530	3.6%	\$1,711,547	3.7%	\$2,103,507	3.5%
Transportation	\$3,574,416	6.3%	\$1,351,240	3.0%	\$2,101,469	4.5%	\$3,289,332	5.5%
Capital Outlay	\$1,400,121	2.5%	\$212,274	0.5%	\$437,057	0.9%	\$2,400,431	4.0%
Special Schools	\$0	0.0%	\$0	0.0%	\$863,712	1.9%	\$166,784	0.3%
Total Gen. Fund Expend.	\$56,499,404	100.0%	\$44,789,453	100.0%	\$46,244,088	100.0%	\$60,251,719	100.0%
Avg. Daily Enrollment	6,516		4,300		4,883		6,612	

Source: School districts' 1998-99 CAFR. Average Daily Enrollment data was obtained directly from Districts and is based on their reporting figures in the New Jersey Department of Education Summary for School Year 1998-99 School/District ADE/ADA Summary

The information in the Table 4 comparison was drawn from the 1999 NJDOE Comparative Spending Guide. The dollar amount represents the budgeted amount in each of the categories listed for 1998-99. A comparison of Hillsborough with Scotch Plains, Randolph Township and South Brunswick shows the per pupil cost to be the lowest overall and 11.4% less than the three district comparison average. Overall, Hillsborough's cost in almost every area was lower than the comparison districts' average costs. This favorable comparison is further strengthened by data indicating the highest student/support service ratio, the highest student/administrator ratio and faculty/administrator ratios. The ratios are further supported by a median teacher's salary of \$42,687 which is the second lowest of the comparison group and a median administrator's salary which is 4.6% lower than those of the other districts. The one area contrary to the trend was in equipment. Hillsborough's expenditures in this area are significantly higher in part due to the

current building program and the steadily increasing enrollment. Further evidence of the district's conservative spending can be seen in the relatively low percentage (16.1%) utilized for employee benefits.

Table 4
Analysis of Similar Districts Using Per Pupil Expenditures or Staffing Data*

	<u>Hillsborough</u>	<u>Scotch Plains- Fanwood</u>	<u>Randolph</u>	<u>South Brunswick</u>
Total Cost Per Pupil	\$7,098	\$8,831	\$7,818	\$7,386
Total Classroom Instruction	\$4,578	\$5,393	\$4,642	\$4,410
Classroom Salaries & Benefits	\$4,436	\$5,179	\$4,397	\$4,187
Classroom General Supplies & Textbooks	\$133	\$121	\$238	\$136
Classroom Purchased Services & Other	\$9	\$92	\$7	\$87
Total Support Services	\$715	\$787	\$799	\$775
Support Services Salaries & Benefits	\$658	\$679	\$749	\$679
Total Administrative Cost	\$893	\$1,362	\$1,152	\$989
Salaries & Benefits for Administration	\$681	\$1,150	\$853	\$821
Operations & Maintenance of Plant	\$759	\$1,075	\$939	\$1,072
Salaries & Benefits for Oper. /Maint. of Plant	\$407	\$685	\$505	\$547
Food Service	\$0	\$1	\$0	\$0
Extracurricular Cost	\$144	\$183	\$233	\$108
Equipment	\$204	\$34	\$128	\$116
Student/Teacher Ratio	12.8:1	13.5:1	14.4:1	14.3:1
Median Teacher Salary	\$42,687	\$49,645	\$51,775	\$40,650
Student/Support Service Ratio	105.2:1	96.4:1	95.6:1	91.2:1
Median Support Service Salary	\$56,589	\$49,847	\$57,250	\$56,200
Student/Administrator Ratio	225.2:1	162.4:1	171.0:1	216.7:1
Median Administrator Salary	\$87,157	\$92,860	\$90,888	\$90,480
Faculty/Administrator Ratio	19.7:1	13.7:1	13.7:1	17.5:1
Personal Serv.-Employee Benefits	16.1%	19.8%	16.0%	19.7%

Source: DOE Comparative Spending Guide 1999 for school year 1998-99. The total cost per pupil here is calculated as the total current expense budget plus certain special revenue funds, particularly early childhood programs, distance learning costs and instructional supplement costs related to servicing the pupils on roll in the district (resident students plus those received from other districts less those sent out of the district) that are considered comparable among school districts. The calculation excludes the local contribution to special revenue, tuition expenditures, and interest payments on the lease purchase of buildings, transportation costs, residential costs and judgments against the school district. Also excluded from this per pupil calculation are equipment purchases, facilities acquisition and construction services, expenditures funded by restricted local, state and federal grants, and debt service expenditures.

The New Jersey Comparative Spending Guide provides the opportunity to compare districts' spending in a number of areas to other districts of the same size. In this case Hillsborough in Table 5 is compared to 85 school districts in New Jersey, which fall into the similar category. All of the districts are kindergarten through grade 12 and have over 3,500 students. The information presented shows applicable costs and ranking per category for three years (two years actual and one-year budget). The districts are ranked from low cost to high cost with 1 being the lowest cost per student and 85 being the highest cost per student.

Table 5
Comparison of Hillsborough Among 85 School Districts
Ranked from 1 (Low Costs) to 85 (High Costs)

	1996-97		1997-98		1998-99	
	Actual	Ranking	Actual	Ranking	Budget	Ranking
Cost Per Pupil	\$6,583	11	\$6,839	12	\$7,098	11
Classroom Instruction	\$4,374	24	\$4,418	24	\$4,578	23
Classroom Salaries & Benefits	\$4,234	27	\$4,278	31	\$4,436	32
General Supplies & Textbook	\$132	19	\$129	8	\$133	9
Purchased Services & Other	\$9	9	\$12	21	\$9	8
Support Services	\$510	5	\$673	15	\$715	13
Support Service Salaries & Benefits	\$464	6	\$622	20	\$658	14
Total Administrative Cost	\$843	14	\$836	14	\$893	23
Salaries & Benefits for Administration	\$646	11	\$642	8	\$681	9
Operations & Maintenance	\$727	12	\$775	16	\$759	11
Salaries & Benefits for Operations/Maint.	\$385	13	\$402	19	\$407	18
Extracurricular Cost	\$123	41	\$131	48	\$144	52
Median Teacher Salary	\$41,124	8	\$41,984	11	\$42,687	11
Median Support Service Salary	\$48,176	10	\$55,589	36	\$56,589	35
Median Administrator Salary	\$76,009	15	\$81,810	26	\$87,157	41
Ranked High Ratio to Low						
Student/Administrator Ratio	202:1	29	207.3:1	22	225.2:1	13
Faculty/Administrator Ratio	16.9:1	17	17.8:1	10	19.7:1	2

Source: 1999 NJDOE Comparative Spending Guide
Total of 85 School Districts

An analysis of the 17 categories on the chart indicates that Hillsborough compares quite favorably in most areas. In 13 of the 17 areas measured the district ranks in the bottom third, and all but one area are in the bottom half among the 85 districts. The faculty/administrator ratio and student/administrator ratio place the district in the top 2% and 15% of the comparison districts. Other areas ranking in the top 15% include cost per pupil, general supplies and textbooks, purchased services, support services, salaries and benefits for administrators, operations and maintenance, and median teacher's salary. Food service was not included in the comparison because the Hillsborough School District uses an outside vendor for this service.

ADMINISTRATION

Board policy directs the establishment and implementation of an organizational plan known as "unit control" for the management of school district operations. The plan requires the identification and resolution of problems at appropriate organizational levels. Board policy authorizes the superintendent to establish a management team that includes the superintendent and those administrative, supervisory, and support staff members who are responsible for employee evaluation, the adjudication of grievances, supervision of employees, or recommendations regarding the employment of employees.

The district organization chart lists the superintendent, board secretary, custodian of monies, board auditor, and board attorney as reporting directly to the board of education. The assistant

superintendent, nine school principals and the school business administrator report to the superintendent. The assistant superintendent supervises the director of special services, nine K-12 district subject/skill supervisors, health services, and the personnel office staff. The business administrator/board secretary supervises the assistant board secretary, transportation supervisor, food services manager, director of environmental services (custodial & maintenance staff) and the business office staff.

Since several key administrative personnel are approaching retirement age, the district has implemented an administrative internship program. The district selects one administrative intern, who is located in central office and may serve in that capacity for one or two years. The intern assists central office administrators with major projects, such as the preparation of the QAAR report, records teacher observations, coordinates offsite teacher recruitment visits, oversees the placement and monitoring of student teaching, and coordinates the teacher-mentoring program.

In 1998-99, there were six K-5 elementary schools in the Hillsborough School District. In October, 1999 with the opening of the new Auten School, the district had a total of nine schools and school principals and several part-time vice principals as itemized below:

K-5 Elementary Schools

Amsterdam School-principal (ADE*-573 students).

Auten School-principal (*not open in 1998-99*).

Hillsborough School- principal, part-time vice-principal (ADE-653).

Sunnymead School-principal (ADE-487).

Triangle School-principal (ADE-686).

Woodfern School-principal (ADE-507).

Woods Road School-principal (ADE-521).

**Average daily enrollment for 1998-99.*

Middle School

Hillsborough Middle School-principal, one part-time and two full-time vice-principals (ADE-1506).

High School

Hillsborough High School-principal and three vice principals (ADE-1583).

The high school also has several department chairpersons, including science, mathematics, physical education, special education, industrial arts/business education, fine and performing arts, and nurse supervisor. High school subject supervisors teach either two or three classes, depending upon the number of teachers in the department. Through a transitional process of reorganization of positions or vacated positions through retirement, district officials have reduced the number of high school department chairpersons and increased the number of K-12 supervisors.

Supervisors

The district also has nine K-12 subject/skill supervisors as follows:

1. Supervisor of Reading;
2. Supervisor of Gifted and Talented;
3. Supervisor of Social Studies;
4. Supervisor of Educational Technology;
5. Supervisor of Mathematics;
6. Supervisor of Language Arts;
7. Supervisor of Science;
8. Supervisor of Fine & Performing Arts; and
9. Supervisor of World Language.

Other supervisory staff includes the director of special services, director of guidance, director of athletics, director of environmental services, assistant director of environmental services, food services manager, transportation supervisor, and assistant transportation supervisor. It should also be noted that three administrative/supervisory positions have been privatized, namely the food services manager and the director and assistant director of environmental services.

Titles of members of the Hillsborough Supervisors' Association are as follows:

Science, social studies, industrial arts and business, physical education, visual arts/family and consumer science, nurse, and special education.

In the Comparative Spending Guide published annually by the New Jersey Department of Education, total administrative expenditures relate to the four areas of the annual school district budget statement – general administration, school administration, business and other support services (both business and central) and improvement of instruction services. The 1997-98 total administrative cost in the Hillsborough School District was \$836 per pupil with a ranking of 14 out of 85 school districts (ranked low to high). The total administrative budget cost in 1998-99 was \$893 per pupil with a ranking of 23 out of 85 K-12 school districts with student enrollments over 3,500.

The comparable figures for total administrative cost for Hillsborough and the comparable districts are presented in the following table:

	1997-98		1998-99	
Total Administrative Cost – Selected K-12 Comparable Districts	Actual Per Pupil* Cost	% of Total Comparative Cost/Pupil	Budget Per Pupil **Cost	% of Total Comparative Cost/Pupil
Randolph Township	\$1,253	15.2	\$1,152	14.7
Scotch Plains/ Fanwood Regional	\$1,333	14.7	\$1,362	15.4
South Brunswick Twp	\$979	12.9	\$989	13.4
Three District Average	\$1,188	14.3	\$1,168	14.5
Hillsborough Twp.	\$836	11.6	\$893	12.6

*Average daily enrollments (ADE). **Unaudited pupil count.

The review team also examined Hillsborough's general administrative costs in relation to the three other comparable districts. An examination was conducted of the Hillsborough Township, Randolph Township, Scotch Plains/ Fanwood, and South Brunswick Township Comprehensive Educational Improvement and Financing Act (CEIFA) function 230-Support Services, General Administration-account for fiscal year 1998-99. This function includes expenses associated with the board of education, central administration and school elections. The review revealed the following costs for fiscal year 1998-99 (based on the 6/30/99 Audit Report):

General Administration	Hillsborough Township	Randolph Township	Scotch Plains/ Fanwood Reg.	South Brunswick Township
Salaries	\$399,289	\$680,768	\$374,399	\$288,271
Legal service	\$60,566	\$88,935	\$66,647	\$95,603
Other purchased professional service	\$40,255	\$99,719	\$0	\$46,612
Purchased technical service	\$21,434	\$0	\$0	\$25,152
Communications/telephone	\$110,760	\$248,765	\$88,124	\$408,164
Other purchased services	\$59,101	\$260,169	\$126,797	\$167,854
Supplies and materials	\$20,433	\$130,589	\$10,127	\$116,252
Miscellaneous	\$52,306	\$58,711	\$65,989	\$26,746
Total	\$764,143	\$1,567,656	\$732,083	\$1,174,654
Per pupil (ADE)* costs	\$117	\$321	\$170	\$178

*The average daily 1998-99 enrollments for the districts were Hillsborough - 6,516; Randolph - 4,883; Scotch Plains Fanwood Regional - 4,300; and South Brunswick - 6,612 pupils.

An analysis of this data reflects that the general administrative costs for Hillsborough were \$764,143 as compared with \$1,567,656 for Randolph Township, \$732,083 for Scotch Plains/Fanwood, \$1,174,654 for South Brunswick. The per pupil administrative costs for Hillsborough were \$117 as compared with \$321 for Randolph Township, \$170 for Scotch Plains/Fanwood, and \$178 for South Brunswick school districts based on the 1998-99 function 230 budget category. In this comparison, Hillsborough's total general administrative per pupil cost was the lowest among the four districts. Hillsborough's costs in other purchased services and legal services were the lowest of the comparative schools. Communications/telephone and supplies and materials were also next to the lowest among the four districts.

According to the Business Administrator (BA), the district has clear and concise administrative policies regarding using legal services, which result in the district receiving legal input early on an issue in order to avoid large legal expenses later. The review indicates that board member expenses are very low at about \$2,500 per year. In addition to simply putting in lots of hours to avoid hiring more administrative staff, the BA provided several other examples. These include having only one assistant superintendent, using technology to minimize the administrative expense of purchasing, and strong control over telephone usage including not having cell phones.

Administrative salaries and benefits include the full-time, part-time and prorated salaries of superintendents, assistant superintendents, and other general administrators, school business administrators/board secretaries, and other business and central office staff, principals, assistant principals, department chairpersons, supervisors of instruction, curriculum coordinators and related secretarial and clerical staff for these activities. Per pupil costs for salaries and benefits for administration in 1997-98 were \$642 and in 1998-99 the budget costs were \$681, which ranked the district 9 of 85. The comparisons for the four districts are as follows:

	1997-98		1998-99	
Salaries and Benefits for Administration – Selected K-12 Comparable Districts	Actual Per Pupil Cost (ADE)*	% of Total Comparative Cost/Pupil	Budget Per Pupil** Cost	% of Total Comparative Cost/Pupil
Randolph Township	\$912	11.0	\$939	12.0
Scotch Plains/ Fanwood Regional	\$1,162	12.8	\$1,150	13.0
South Brunswick Twp.	\$826	10.9	\$821	11.1
Three-district average	\$967	11.6	\$970	12.0
Hillsborough	\$642	8.9	\$681	9.6
Per pupil cost (below three-district average)	\$325		\$289	

*Average daily enrollment unaudited pupil count.

An examination of salary levels indicates that Hillsborough had a median administrative salary in 1998-99 of \$87,157, or 4.7% lower, compared to the average of \$91,409 for the three comparable districts. Employee benefits in Hillsborough were 16.1% of total salaries compared with an 18.5% average for the three similar districts and a state average of 17.7%. Also, as indicated in the table below, Hillsborough expended less than the comparison districts for school secretarial and clerical salaries.

CEIFA Line 240-Support Service, School Administration

School Administration	Hillsborough Township	Randolph Township	Scotch Plains/Fanwood Reg.	South Brunswick Township
Salaries				
Principals & Vice-Principals	\$1,274,715	\$960,404	\$1,364,249	\$1,480,696
Other Professional Staff	\$254,928		\$97,755	
Secretarial & Clerical	\$544,188	\$694,830	\$964,524	\$1,215,749
Purchased Prof. & Tech. Services		\$221,789	\$36,638	\$46,202
Other Purchased Services		\$38,089	\$113,663	
Supplies & Materials	\$136,372	\$62,536		\$18,123
Other Objects		\$251,014	\$6,766	\$9,185
Total	\$2,210,202	\$2,228,662	\$2,583,595	\$2,769,955
Per Pupil (ADE)*Cost	\$339	\$456	\$601	\$419

*The average daily 1998-99 enrollments for the districts were Hillsborough - 6,516; Randolph - 4,883; Scotch Plains Fanwood Regional - 4,300; and South Brunswick - 6,612 pupils.

As indicated above, Hillsborough's per pupil costs associated with the overall administrative responsibility of individual schools, including the salaries of principals, assistant principals and other supervisory assistants are the lowest of the four districts. This data should be viewed with some caution, as different school districts appear to distribute department supervisors/directors on different CEIFA line items.

The review team examined the CEIFA Function 221 Improvement of Instruction Services and 223 Instructional Staff Training Service. The detailed distribution of salaries among these accounts was not always consistent from district to district; therefore, the data for the four districts should be viewed with caution as supervisors' salaries may be listed under other categories:

Supervisor Salaries	Hillsborough Township	Randolph Township	Scotch Plains/Fanwood Reg.	South Brunswick Township
Improv. of Instruction	\$551,206	\$1,121,337	\$629,197	\$310,082
Instruct. Staff Training	\$0	\$68,208	\$157,049	\$273,164
Totals	\$551,206	\$1,189,545	\$786,246	\$583,246
Per Pupil (ADE)* Cost	\$85	\$244	\$183	\$88

*The average daily 1998-99 enrollments for the districts were Hillsborough - 6,516; Randolph - 4,883; Scotch Plains Fanwood Regional - 4,300; and South Brunswick - 6,612 pupils.

Hillsborough expended \$87 less than the three-district average of \$172 for supervisors' salaries in 1998-99.

The review team also examined the amount of money spent on secretarial and clerical salaries in the 240, 223 and 221 line accounts.

Secretarial & Clerical	Hillsborough Township	Randolph Township	Scotch Plains/Fanwood Reg.	South Brunswick Township
School Administration	\$544,188	\$694,830	\$964,524	\$1,215,749
Improvement of Instruction	\$99,157	\$0	\$66,101	\$0
Instruct. Staff Training	\$0	\$0	\$16,525	\$24,734
Total	\$643,345	\$694,830	\$1,047,150	\$1,240,483
Per Pupil (ADE)* Cost	\$99	\$142	\$244	\$188

*The average daily 1998-99 enrollments for the districts were Hillsborough - 6,516; Randolph - 4,883; Scotch Plains Fanwood Regional - 4,300; and South Brunswick - 6,612 pupils.

Hillsborough secretarial and clerical salary costs were \$92 below the three-district average of \$191. Salary levels, which are negotiable, are discussed under Section III – Collective Bargaining Issues.

Business and Other Support Services

	Hillsborough Township	Randolph Township	Scotch Plains/Fanwood Reg.	South Brunswick Township
Salaries	\$561,890	\$294,841	\$523,644	\$951,511
Purchased Prof. Services	\$4,259	\$0	\$72,161	\$0
Purchased Tech. Services	\$209,843	\$0	\$28,238	\$49,965
Other Purchased Services	\$33,926	\$15,587	\$287,634	\$70,072
Supplies & Materials	\$10,779	\$11,560	\$36,029	\$4,673
Interest for Lease Purchase Agreements	\$0	\$0	\$0	\$38,934
Miscellaneous	\$0	\$10,714	\$10,157	\$3,911
Total	\$820,697	\$332,702	\$957,863	\$1,119,066
Per Pupil (ADE)* Cost	\$126	\$68	\$223	\$169

*The average daily 1998-99 enrollments for the districts were Hillsborough - 6,516; Randolph - 4,883; Scotch Plains Fanwood Regional - 4,300; and South Brunswick - 6,612 pupils.

The Hillsborough business and other support service cost was \$126, or \$27 less than the three-district average of \$153.

Improvement of Instruction Services (Line item)

Salaries	Hillsborough Township	Randolph Township	Scotch Plains/Fanwood Reg.	So. Brunswick Township
Supervisors of Instruction	\$551,206	\$1,121,337	\$629,197	\$310,082
Other Professional Staff	\$22,971	\$0	\$137,122	\$0
Secretarial & Clerical	\$99,157	\$0	\$66,101	\$0
Other Salaries	\$0	\$0	\$7,669	\$0
Purchased Prof.-Educational Services	\$21,763	\$500	\$0	\$15,601
Other Purchased Prof. & Tech. Services	\$0	\$600	\$0	\$0
Other Purchased Services	\$0	600	\$0	\$9,655
Supplies & materials	\$349,976	\$0	\$16,724	\$12,366
Other objects	\$0	\$0	\$26,539	\$0
Total	\$1,045,073	\$1,123,037	\$883,352	\$347,704
Per Pupil (ADE) Cost	\$160.39	\$230	\$205	\$53

*The average daily 1998-99 enrollments for the districts were Hillsborough - 6,516; Randolph - 4,883; Scotch Plains Fanwood Regional - 4,300; and South Brunswick - 6,612 pupils.

The costs for administrative salaries and benefits are determined by the number of persons employed and the amount or level of salary and benefits provided by the district. As indicated earlier in the comparative analysis, in 1998-99 Hillsborough had a student/administrator ratio of 225.2 students per administrator compared to an average of 183.4 students for the three similar districts. Moreover, Hillsborough had 19.7 faculty members per administrator compared with the three-district average of 15.0 faculty members and a state average of 14.1 faculty members. Consequently, the review team must conclude that on the basis of these ratios the number of administrators in the Hillsborough School District was very reasonable in 1998-99.

Instructional Staff Training

Salaries	Hillsborough Township	Randolph Township	Scotch Plains/Fanwood Reg.	So. Brunswick Township
Supervisors of Instruction	\$0	\$68,208	\$157,049	\$273,164
Other Professional Staff	\$0	\$0	\$37,160	\$69,660
Secretarial & Clerical	\$0	\$0	\$16,525	\$24,734
Other Salaries	\$0	\$0	\$0	\$941
Purchased Prof.-Educational Services	\$28,314	\$10,681	\$31,251	\$41,084
Other Purchased Services	\$36,174	\$0	\$3,128	\$0
Supplies & Materials	\$0	\$0	\$29,843	\$0
Total	\$64,488	\$78,889	\$274,956	\$409,586
Per Pupil (ADE) Cost	\$10	\$16	\$64	\$62

*The average daily 1998-99 enrollments for the districts were Hillsborough - 6,516; Randolph - 4,883; Scotch Plains Fanwood Regional - 4,300; and South Brunswick - 6,612 pupils.

The review team is aware that instructional staff training is not included in the Comparative Spending Guide calculations for administrators. However, this data is included here since some districts are utilizing this accounting line item for supervisors' salaries. The totals of the five line items are summarized in the following table:

	Hillsborough Township	Randolph Township	Scotch Plains/Fanwood Reg.	South Brunswick Township
General Administration	\$764,143	\$1,567,656	\$732,083	\$1,174,654
School Administration	\$2,210,202	\$2,228,662	\$2,583,595	\$2,769,955
Business & Other Support	\$820,697	\$332,702	\$957,863	\$1,119,066
Improvement of Instruction	\$1,045,073	\$1,123,037	\$883,352	\$347,704
Instruct. Staff Training	\$64,488	\$78,889	\$274,956	\$409,586
Total	\$4,904,603	\$5,330,946	\$5,431,849	\$5,820,965
Per Pupil (ADE) Cost	\$753	\$1,092	\$1,263	\$880

*The average daily 1998-99 enrollments for the districts were Hillsborough - 6,516; Randolph - 4,883; Scotch Plains Fanwood Regional - 4,300; and South Brunswick - 6,612 pupils.

Recommendation:

With rapid growth in student enrollments, the administrative and supervisory staffing adequacy should be evaluated periodically by local school officials. Several principals report that K-12 skill/subject supervisor workloads are particularly heavy in endeavoring to cover nine schools within the district. There are also some differences of opinion about the phasing out of the high school supervisory positions. However, for the purposes of this review, it is quite clear that on a comparative basis the Hillsborough School District is frugal and cost effective in allocating financial resources for administration and supervision.

TECHNOLOGY

Organizational Structure

The Hillsborough School District's technology department's organizational chart identifies a supervisor of educational technology who is responsible for the procurement and installation of all technology hardware throughout the district. In addition, the supervisor of educational technology is responsible for the implementation of the educational aspects of technology. This includes the selection of software, and how, where and by whom it will be used. The technology department is additionally staffed by one secretary, four technical service technicians, 12 computer education teachers, nine media specialists and three technology education instructors.

Technology Plan

The district's initial technology plan was adopted in February, 1995. The plan was subsequently updated in December, 1997 and again in March, 1999. The technology plan is scheduled for another update in approximately 18 months. The district's technology plan is a flexible and comprehensive plan that includes the district's mission, goals, timeline implementations and a spending plan.

The district has a technology committee to advise and plan technology goals and objectives. The committee members are comprised of Hillsborough Board of Education members, administrators, teachers and parents from the community.

Recommendation:

The district should attempt to attract individuals from the local business community to serve on the technology committee. This would enable the district to draw upon the experiences and resources of the local business community.

Hardware

The district currently has 10 Local Area Networks (LANs) and approximately 1,250 computers and is committed to purchasing the Intel based personal computers (PCs) running Windows95, except for the Music Department which uses Apple Macintosh computers. Grades 3-6 students have four PCs per classroom with multimedia capability and Internet access. Grade 7 students have four PCs per classroom and Grade 8 students will also have four PCs per classroom as of September, 2000. In every elementary school and the middle school, the students also have computer access in the library/media centers. The middle school and high school have computer labs and the high school has at least one PC per classroom. Grades K-2 students have outdated Apple GS computers and any donated PCs. All central office administrative and support staff have Windows95 based PCs with Internet access. The department has a goal of providing an email account to all of the district's employees by the end of 1999.

Technical Support

The technical support staff is responsible for the installation of software and hardware and the maintenance and repairing of the district's approximately 1,250 computers plus other related hardware. This represents a ratio of 1:312 technical staff members to computers. However, whenever any installations, upgrades or repairs are needed to the district's computers, a work order is generated by the individual needing service. A member of the computer education staff will first attempt to resolve the problem. If they are unsuccessful the work order is then transferred to the technical service technicians for completion. Involving the computer education staff in the first level of computer maintenance and repairs accounts for only 10% of those individuals' teaching time. It also reduces the support staff to computer ratio to 1:227, as the 12 computer education teachers are the equivalent of 1-½ full-time repair technicians. Through use of in-house staff the district has eliminated the need for costly out-of-district repair services.

LGBR commends the district for its efficient use of staffing in maintaining the district's computers.

Staff Development

The technology department allocates only 1% of its budget for training and staff development. The technical support staff is sent to free training seminars offered by various software and hardware vendors. The department also purchases self-paced video and CD-ROM training courses for the use of the tech support staff. At least 50% of the computer instructional staff have enrolled themselves in an advanced technical training course. The computer teachers have a built-in responsibility to teach computer skills to the remainder of the district employees, which accounts for 20% of their time. This instruction is done on a building level on a one-to-one basis. The district also offers a Continuing Education Units program (CEUs) which includes

introductory and intermediate level courses in computer technology, which are available to the entire district staff. In addition the supervisor of educational technology meets with her staff on a regular basis for casual information sharing sessions.

Internet

The district established Internet access in the 1996-97 school year. The district was able to negotiate with a private company a lower price for Internet access than the cost under the New Jersey Access Program. A three-year contract was signed naming the private company as the district's Internet service provider. The district uses three fractional T-1 communication lines for Internet access. Two of the lines provide access for the high school and one line provides access for the middle school and 56K frame relay access for the elementary schools. The municipal government granted a local cable company a franchise to provide a fiber connection between each municipal and school building. With this connection, the schools created a Wide Area Network (WAN) based upon a closed-loop fiber network for data, voice and video. The school district provides the municipal government with Internet access and email accounts through its contract with Sprint. In addition the district's technical service technicians maintain the municipal government's computers.

LGBR commends the district for an effective use of shared resources.

Software

The district's educational and administrative software has been standardized for the 1998-99 school year. The business office additionally uses a budgeting software package that has three modules. The accounting and budgeting modules allow the business office to access information on all line item accounts, check balances and to see what invoices have been paid and those which are still open. The purchasing module allows for remote requisitions. The school office accesses the software and prepares a requisition, and assigns the proper account number. All the necessary approvals are granted on line and a completed purchase order is printed in the central business office. The efficient use of this software package has allowed the district to reduce the purchasing department by ½ position and share that position with the payroll department.

The school office uses an administrative software package also with three modules. District-wide all schools use a student attendance module. The middle school and high school use a student grading module and a scheduling module for both students and instructional staff.

LGBR commends the district for its effective use of technology software in reducing administrative support positions.

Purchasing

The technology department has explored many of the available options for purchasing. They have used the state contract method, gone out for bid and joined together with other school districts to form buying consortiums. When using the state contract the district has negotiated lower prices than those stated in the contract. In the past, the district has purchased name brand computers but due to the proprietary nature of some manufacturers hardware the district has recently switched to purchasing generic computers to allow for easier swapping of parts.

The technology department maintains a small inventory of parts, keeping the most needed parts on hand in order to minimize down time. There are several small parts that are always needed, such as batteries, solder and plastic cable ties. They seem to become damaged or lost when stored. In addition the lag time between the time the part is needed, ordered under state contract and received by the district does not allow the technical support technicians to complete their tasks in a timely manner.

Recommendation:

The district should establish a technology department petty cash account of \$300 to \$500 for the purchase of small parts. If the parts are needed on a regular basis and their cost exceeds the bid or threshold, they should be purchased through normal competitive channels and in accordance with the Public School Contracts Law, N.J.S.A. 18A: 18A-1 et. seq., as amended by P. L. 1999, c. 440 (effective Apr. 17, 2000).

Grants

Under a federally funded program called the Universal Service Fund, the Education Rate discount (E-rate) is available to provide discounts on telecommunication services, Internet access and Internet connections for K-12 schools. For the school year 1998-99, the district received a \$64,000 E-rate grant. For the 1999-00 school year, the district expects to receive approximately a \$100,000 E-rate grant.

The Comprehensive Education Improvement and Financing Act of 1996, N.J.S.A. 18A: 7F-1 et. seq., ... provides state aid to school districts to establish statewide distance learning networks by the 2001-02 school year. The amount of aid is calculated at \$40 per pupil and is adjusted for inflation using the Consumer Price Index. For the 1998-99 school year the district received \$287,322 in distance learning funds. For the 1999-00 school year the distance learning aid is estimated to be \$285,138.

Policies

The district has a use policy for the Hillsborough Township Public Schools network (HTPSnet) which requires the signature of the student and parent prior to the student receiving access to HTPSnet. The policy states what is considered acceptable and unacceptable use of the district's computers and the Internet. In addition, the policy states that only software authorized by the board of education can be used on the district's computers and any unauthorized software will be removed.

The district also has a policy on the loan of district-owned equipment. The district feels that equipment can be loaned only when the loan would not interfere with the ongoing educational program of the schools.

Photocopiers

The district utilizes 57 photocopiers from several manufacturers and with various output capacities. The district owns 42 of these photocopiers and leases the remaining 15 units with an option to buy for \$1.00 each when the lease term expires.

The district maintains an insurance contract with a private vendor that covers the repair of various equipment owned by the district. Included among the equipment covered are 42 photocopiers owned by the school district. The coverage which costs the district \$89,574 annually has no limitations. When the district has a defective photocopier repaired the bill is sent to the insurance company, which pays the repair vendor directly. An analysis was performed on the equipment covered by the contract and it was determined to allocate 80% of the contract's cost to the photocopiers. This results in an annual cost of \$1,697 per photocopier.

<u>Location</u>	<u>Cost of Lease</u>	<u>Cost of Maintenance Agreement</u>	<u>Comments</u>
<u>Woodfern School</u>			
Xerox-5065 Owned		\$1,706.17	
Sharp-2060 Owned		\$1,706.17	
Sharp-2030 Owned		\$1,706.17	
Ricoh-650 Leased	\$5,746.25	\$1,430.00	
Sharp-8870 Owned		\$1,706.17	
Risograph-4500 Owned		\$1,706.17	Out of Order
<u>Triangle School</u>			
Xerox-1090 Owned		\$1,706.17	
Sharp-8870 Owned		\$1,706.17	
Sharp-8800 Owned		\$1,706.17	
Gestetner-5325 Owned		\$1,706.17	
<u>Amsterdam</u>			
Gestetner-2460 Owned		\$1,706.17	
Ricoh-650 Leased	\$5,746.25	\$1,430.00	
Xerox-1090 Leased	\$9,956.04	-	Maintenance in Lease
Sharp-9700 Owned		\$1,706.17	
Sharp-8800 Owned		\$1,706.17	
Risograph-4200 Owned		\$1,706.17	
<u>Woods Rd.</u>			
Ricoh-650 Leased	\$5,746.25	\$1,430.00	
Sharp-8870 Owned		\$1,706.17	
Gestetner-2460 Owned		\$1,706.17	
Risograph-4500 Owned		\$1,706.17	
Xerox-1090 Leased	\$9,956.04	-	Maintenance in Lease
Sharp-9800 Owned		\$1,706.17	Out of Order
<u>Hillsb. Elem.</u>			
Xerox-1090 Leased	\$9,956.04	-	Maintenance in Lease
Ricoh-650 Leased	\$5,746.25	\$1,430.00	
Sharp-8870 Owned		\$1,706.17	
Savin-9550 Owned		\$1,706.17	Out of Order
Risograph-4500 Owned		\$1,706.17	

<u>Location</u>	<u>Cost of Lease</u>	<u>Cost of Maintenance Agreement</u>	<u>Comments</u>
<u>Sunnymead</u>			
Xerox-1090 Leased	\$8,757.60	-	Maintenance in Lease
Xerox-Doc. Sys 20 Owned		\$1,706.17	
Sharp-2060 Owned		\$1,706.17	
Sharp-9500 Owned		\$1,706.17	Traded in 3 years ago
Risograph-4500 Owned		\$1,706.17	
<u>Middle School</u>			
Sharp-2060 Owned		\$1,706.17	
Xerox-1090 Leased	\$9,956.04	-	Maintenance in Lease
Ricoh-650 Leased	\$5,746.25	\$1,430.00	
Sharp-2060 Owned		\$1,706.17	
Sharp-8875 Owned		\$1,706.17	
Xerox-1090 Leased	\$9,956.04	-	Maintenance in Lease
Risograph-4200 Owned		\$1,706.17	Out of Order
Risograph-4200 Owned		\$1,706.17	
<u>High School</u>			
Xerox-1090 Owned		\$1,706.17	
Xerox-1090 Owned		\$1,706.17	
Sharp--2060 Owned		\$1,706.17	
Ricoh-650 Leased	\$5,746.25	\$1,430.00	
Ricoh-650 Leased	\$5,746.25	\$1,430.00	Not in use during construction
Sharp--2060 Owned		\$1,706.17	Not in use during construction
Sharp-5132 Owned		\$1,706.17	Not in use during construction
Sharp-8870 Owned		\$1,706.17	Not in use during construction
Risograph-4500 Owned		\$1,706.17	Not in use during construction
AB Dick-AS9840 Owned		\$1,706.17	Not in use during construction
<u>Build. & Grounds</u>			
Savin-9210 Owned		\$1,706.17	
<u>Central Office</u>			
Xerox-5328 Owned		\$1,706.17	
Ikon Oce`-3075 Leased	\$19,636.32	-	Maintenance in Lease
Gestetner-5270 Owned		\$1,706.17	
Subtotal	\$118,397.87	\$78,256.80	
<u>Auten Road</u>			
Ricoh-650 Owned		\$1,430.00	
Ricoh-650 Owned		\$1,430.00	
Ikon Oce`-2600 Leased	\$5,746.25	\$4,800.00	
Subtotal	\$5,746.25	\$7,660.00	
<u>Grand Totals</u>	<u>\$124,144.12</u>	<u>\$85,916.80</u>	

A comparison was made of the list of photocopiers covered by the contract to an inventory list maintained by each school. There were seven photocopiers on the contract list that were not on the list's maintained by the schools. Further examination revealed one of the photocopiers was traded in three years ago and the school neglected to inform the central office to remove the photocopier from the insurance contract. Four photocopiers were out of order and in storage, and the remaining two working photocopiers were inadvertently left off the school inventory list.

Recommendation:

District officials should implement procedures for the schools to notify the central office when a covered piece of equipment is in need of repair or is removed from the school premises.

Cost Savings: \$8,485

An analysis was performed on the district's low to moderate volume copiers and the high volume copiers. A separate analysis was also performed on the Auten Road School's copiers as this school opened for the 1999-00 school year. Except for the Auten Road School, the LGBR team was unable to obtain accurate copier usage readings, therefore, the number of copies was obtained through a separate analysis of copier paper usage.

Hillsborough Photocopiers	Annual Copies	Monthly Copies	Copier Finance	Copier Maintenance /Supplies	Total Annual Costs
Low/Mid Volume	3,703,764	308,647	\$0*	\$61,422	\$61,422
High Volume	4,421,232	368,436	\$118,398	\$16,836	\$135,234
Subtotal	8,124,996	677,083	\$118,398	\$78,258	\$196,656
Auten Road	1,824,996	156,116	\$ 30,946	\$ 7,660	\$ 38,606
Totals	9,949,992	833,199	\$149,344	\$85,918	\$235,262

*The district purchased the Low/Mid volume copiers at various times. Many were purchased for \$1.00 at the end of a lease. Since no purchase cost information was available for all the copiers, a cost of \$0.00 was assumed. The district's actual annual costs will be higher than shown if the actual purchase cost information had been used.

The state recently entered into a cost per copy contract, which under N.J.S.A. 18A:18A-10 in essence enables entities, including school districts, to contract for the procurement of *photocopies*, rather than the photocopier equipment. Under this contract, the vendor provides the school district with a copier for its use. The district does not rent, lease or buy the photocopier, but rather purchases the photocopies. All equipment, parts and supplies with the exception of paper and staples are included in the monthly fee, which varies according to the monthly number of copies.

The district's 36 low to moderate volume photocopiers make an average of 8,873 copies per month. Under the state cost per copy contract the district would pay \$95.63 per month for 7,500 copies or less. The additional copies over and above the monthly 7,500 allotment are charged at the rate of \$.013 per copy. The total cost to the district for this contract would be \$109 per month per copier. The cost for all 36 low to moderate volume photocopiers would be \$3,924 per month. The district is currently paying \$5,118 monthly by using private vendors.

The district's 18 high volume copiers make an average of 20,469 copies per month. Under the state contract the district would pay \$166.50 per month to make a monthly minimum of 18,000 copies. The additional copies over and above the monthly minimum are charged at the rate of \$.009 per copy. The total cost to the district for this contract would be \$189.00 per month. The cost for all 18 high volume photocopiers would be \$3,402. The district is currently paying \$11,269 monthly by using private vendors.

The Auten Road School's three photocopiers are high volume photocopiers with actual monthly usage of 24,118, 47,993 and 84,005. Under the state contract, the two highest usage photocopiers would have a monthly minimum of 45,000 copies each at a cost of \$400.50 per copier monthly. The additional copies over and above the monthly allotment are charged at the rate of \$.009 per copy. For the lower use photocopier, under the state contract the school would have a monthly minimum of 18,000 copies at a cost of \$166.50. Any copies in excess of the 18,000 would be charged at the rate of \$.009 per copy. The total cost to the district using the state contract for all three photocopiers would be \$1,399. The district is currently paying \$3,217 monthly by using private vendors.

Hillsborough School District

1998-99	Monthly Copies	Monthly	Monthly	Diff.	Monthly	Monthly	Monthly	Cost/Copy
	<u>/Copier</u>	<u>Minimum</u>	<u>Min \$</u>	<u>Actual/Min</u>	<u>Diff. \$</u>	<u>\$ /Copier</u>	<u>Cost</u>	<u>Min/Excess</u>
Low/Mid Volume Copiers	8,573	7,500	\$95.63	1,073	\$13.69	\$109	\$3,924	\$0.013
High Volume Copiers	20,469	18,000	\$166.50	2,469	\$22.84	\$189	\$3,402	\$0.009
Total	29,042	25,500	\$262.13	3,542	\$36.53	\$299	\$7,326	

Auten Road School

Fall, 1999	Annual	Monthly	Monthly	Monthly	Diff.	Monthly	Total	Cost/Copy
	<u>Copies</u>	<u>Copies</u>	<u>Min</u>	<u>Min \$</u>	<u>Actual/Min</u>	<u>Diff \$</u>	<u>Monthly \$</u>	<u>Min/excess</u>
Ricoh 650	575,916	47,993	45,000	\$400.50	2,993	\$27.69	\$428	\$0.009
Ricoh 650	1,008,060	84,005	45,000	\$400.50	39,005	\$347.15	\$748	\$0.009
Ikon Oce' 2600	289,416	24,118	18,000	\$166.50	6,118	\$56.59	\$223	\$0.009
Total	1,873,392	156,116	108,000	\$967.50	48,116	\$431.43	\$1,399	

NOTE: Auten Road School opened in September 1999.

Recommendation:

The district should reevaluate its photocopier needs in order to determine that all the photocopiers in the district are the right size for the job. In addition the district should consider using the state cost per copy contract for photocopying needs. The district currently spends \$16,388 per month for low, mid and high volume copiers. Using the state per copy contract would cost the district \$7,326 monthly. This is an annual saving of \$108,744.

The Auten Road School photocopiers currently cost the district \$3,217 per month. Using the state per copy contract the district would only spend \$1,399 monthly for Auten Road School. This is an annual saving of \$21,816.

Cost Savings: \$130,560

Communications/Telephones

Based upon comparisons of the communications and telephone costs, Hillsborough expended far less per pupil and per employee in 1998-99 than similar districts. Expenses in this area have decreased nearly 30% from 1997-98, dropping from \$143,494 to \$110,760.

An examination of the reasons for the declining costs showed that one of the most significant factors was the assignment of responsibility for communication costs to the school principals. New policy from the business office establishes a set dollar amount to be allowed for each school, based upon a per pupil rate. This allotment is to be utilized by the principals to purchase all of their supplies, etc., for the upcoming school year. Included in the expenditures are the telephone and postage expenses.

With the knowledge that efficiencies in the area of communications will mean more monies for other interest areas, the principals have found ways to cut costs. Greater accountability among the staff, and fewer allowable calls are just two of the measures taken in the schools. In addition, directory assistance calls are kept to an absolute minimum and personal calls are monitored closely.

Hillsborough also applied to E-Rate for assistance during the 1998-99 school year. E-Rate, or the Universal Service Fund, was created by the FCC (Federal Communications Commission) Telecommunications Act of 1996. Under this act, \$2.5 billion dollars is allocated to help schools and libraries that apply to defer costs associated with accessing the Internet. A portion of this alliance is reflected in the 1998-99 communications cost savings.

The district is currently investigating new systems for communications for all of the schools. These systems would combine the wiring for Internet and Intranet communications with that of the telephone systems, thus saving dollars on the expense of double wiring. The district envisions a system that would allow for a telephone in each classroom and voice mail for all staff members. It is anticipated that there would be savings experienced over the costs of districts that have individually wired systems.

INSTRUCTION

The Hillsborough School District has an assistant superintendent and several K-12 skill/subject supervisors who are primarily responsible for curriculum development and implementation of the core curriculum standards of the N. J. Department of Education. The district has a detailed five-year curriculum plan and an impressive library of curricular guides and materials located in central office.

According to the NJEA publication, Basic Statistical Data, Hillsborough teachers' salary cost per pupil in 1997-98 was \$3,703, which was 5.2% below the state average of \$3,907.

The costs of the comparison districts are contained in the following table:

Teachers' Salary Cost per Pupil	1997-98
Hillsborough	\$3,703
Randolph	\$3,830
Scotch Plains/Fanwood	\$4,357
South Brunswick	\$3,524

The instructional materials cost per pupil was \$129, which was 34.9% less than the 1997-98 state average of \$198. The costs of the comparison districts are presented below:

Instructional Materials Cost per Pupil*	1996-97	1997-98
Hillsborough	\$132	\$129
Randolph	\$240	\$233
Scotch Plains/Fanwood	\$163	\$183
South Brunswick	\$126	\$212
<i>State Average</i>	\$191	\$198

*NJEA Research

In 1998-99, the per pupil budgetary allocation for teaching supplies, books, copiers, telephone, athletic supplies, etc., was as follows: \$1.80 for elementary; \$1.65 for middle school and \$2.32 for high school. Reportedly, the per pupil allotment covers ongoing expenses but it does not cover expenses that result from growth or instructional enhancements in the district. When new classes are added, the supplies and materials budget line under Improvement of Instruction funds the extra costs. A four-district comparison is contained in the following table:

Instructional Textbooks, Supplies and Materials				
	Hillsborough	Randolph	Scotch Plains/ Fanwood	South Brunswick
Regular Program				
General Supplies	\$637,153	\$630,455	\$317,323	\$606,081
Textbooks	\$120,826	\$327,169	\$240,113	\$242,428
Other Objects			\$117,279	\$6,411
Imp. of Instruction				
Supplies/Materials	\$349,976	\$0	\$16,724	\$12,366
Other Objects			\$26,539	
Totals	\$1,107,955	\$957,624	\$717,978	\$867,286
Per Pupil (ADE) Costs	\$170	\$196	\$167	\$131

It is apparent that Hillsborough uses somewhat different accounting practices than the comparison districts in terms of supplies and materials for the regular program versus improvement of instruction. When these items are combined, the per pupil expenses for instructional supplies, textbooks and materials of the four districts are more evenly distributed. Consequently, the review team concludes that the Hillsborough costs are in the mid-range of the four districts.

The district has received a number of recognitions or awards in recent years.

- The reading program used in the Hillsborough Public Schools has been recognized as outstanding by the International Reading Association.
- DOE has recognized as exemplary the Strategic Systemic Initiative efforts in science, math and technology.
- The U.S Department of Defense endorses the math program and the science program is hands-on, minds-on and greatly supported by the Parents Program.
- The Parents' Academy for Continuing Education has been funded through a grant from the Dodge Foundation.
- The world language program is comprehensive from K to high school Advanced Placement.
- The arts program has been awarded numerous grants from the Interacts Council.
- The State of New Jersey has awarded a grant for the development of the School to Work Transitions Program for special education.

Other awards include a Blue Ribbon School, a Star School, NJ elementary science teacher of the year, several best practices, and the National Principal of the Year award. The district has good class sizes and student/administrator and student/teacher ratios. In short, Hillsborough is a relatively low spending K-12 school district with good academic performance.

Amsterdam Road School

The Amsterdam School, which was constructed in 1990, is a modern, bright and colorful elementary school building with pitched roofs. Unfortunately, the roofs have leaked since the date of construction, resulting in litigation with the contractor. After nearly a decade, roof leaks are still much in evidence on rainy days. The school of 58,233 square feet has 26 classrooms, seven small group rooms and the library/media center located in three wings, and a fourth wing contains the multi-purpose room with stage, the music room, cafeteria and kitchen. While there are three empty classrooms, the principal expects that growing student enrollments will fill the building to capacity within three years. The school currently houses 474 students in K-5 as follows:

Grade Level	Number of Classes	Average Class Size
Kindergarten	2 a.m.	18
Kindergarten	1 p.m.	18
Transitional	1	8
Grade 1	3	20
Grade 2	3	22
Grade 3	4	20
Grade 4	4	22
Grade 5	4	21
Perceptually Impaired	3	11

The transitional class (from kindergarten to grade one) has an enrollment of eight students, which is well below the 15 allowed by district policy and practice. There are three classes of perceptually impaired students with enrollments of 10, 11, and 13 students. Formal computer instruction begins in third grade with one day of instruction by the computer teacher and one day

in the classroom to work with the regular classroom teacher during a six-day cycle. The Comprehensive School Mathematics Program (CSMP) emphasizes process, understanding and critical thinking rather than rote drill. The school uses books rather than a basic reading series. This literature-based curriculum received a 1998 Exemplary Reading Program Award from the International Reading Association. The principal represented Hillsborough and New Jersey as the 1998 National Distinguished Principal.

In addition to the choral and instrumental music programs, there is a fifth grade intramural sports program including basketball and volleyball. The school grounds also contain two soccer/lacrosse fields. An active Home and School Association is supportive of the school's efforts to provide a quality education for children. Teachers may apply twice per year for mini-grants to enhance their classroom program. The association also funds artist-in-residence programs, cultural arts programs and the purchase of supplemental equipment, such as maps and globes, laminating machines, and playground equipment. The principal's monthly newsletter and class newsletters keep parents informed about what is happening in school.

Auten Road Elementary School

The Auten Road Elementary School, which is scenically placed on a 49-acre site, is the newest school in the Hillsborough School District. The school presently houses 532 students with a projected increase to 550 in 2000-01. The principal indicated that the school is in a medium growth area that includes single family homes, townhouses, condominiums and apartments.

Presently there are 23 regular classrooms in use, including four classes of half-day kindergarten (a.m. and p.m.).

Grade Level	Number of Classes	Average Class size
Kindergarten	2 a.m.	23
Kindergarten	2 p.m.	20
Transitional	1	14
Grade 1	4	23
Grade 2	4	19
Grade 3	4	24
Grade 4	4	22
Grade 5	4	22

An additional class on the first grade level will be opened shortly due to enrollment increases. There are no full-time special education classes in the building. However, there are a number of appropriately used and staffed small group instruction rooms. The school has a very large gymnasium, appropriately sized cafeteria and an attractive media center. There was a roof leak in the primary wing and the new lunchroom furniture was stationary rather than mobile for easy cleaning of the area. All instructional areas are wired for computer use and the upper elementary classrooms each have at least four computers and the media center has 12 computers.

In the budgetary process, the central office gives each school a per pupil budgetary allotment based on the projected pupil enrollment for the next school year. This dollar allotment does not include salaries, maintenance costs or bulk paper purchases. However, it does include photocopy

costs, equipment purchases, telephone expenses and classroom textbooks, supplies and other materials. Principals and faculty determine how the available funds will be distributed within the building. Funds from student pictures are used for additional classroom supplies and occasional field trips. The Home and School Association (HSA) supplements the budget with fund-raising activities and volunteer efforts. Five parents were in the building at a fund-raising meeting during our tour of the school. The HSA also sponsors a family night and provides funds for parental training sessions.

The principal meets with the environmental manager on a monthly basis to review work orders. In October 1999, there was new playground equipment that was ready for installation except for the necessary building permit. In terms of safety, the nurse presents a yearly program to staff on universal safety precautions and there is a crisis management team in the district. There is a township emergency response team that can be at the school within 15 minutes and there is also a Somerset County team.

The Auten Road School has extensive grounds with two soccer fields and baseball, softball and field hockey fields.

Hillsborough Elementary School

The Hillsborough Elementary School is a one story L-shaped building of 67,000 square feet located along Route 206 in the center of the district. It is in a high traffic area and all students are bussed to and from school. Originally constructed in 1950, two additions to the building were completed in 1956 and 1993. The current population of the school is 584 students enrolled in grades K - 5. Twenty-five classrooms are used for regular education and four for full-time special education. There are a number of small group instruction rooms, an art room, music room, multi-purpose room, gymnasium and a cafeteria. The community utilizes the large area spaces for the recreation program in the evening hours for most of the school year. The enrollment distribution is provided below:

Grade Level	Number of Classes	Average Class Size
Kindergarten	2 a.m.	20
Kindergarten	2 p.m.	16
Transitional	1	12
Grade 1	5	18
Grade 2	4	18
Grade 3	4	23
Grade 4	4	24
Grade 5	5	21
Special Education	4	11

The Home and School Association is very active. They conduct a number of fundraisers and by this means contribute a significant amount of revenue to the school. They contribute funds for field trips, grants for staff members, equipment including computers, musical instruments and digital cameras and one set of Dreamwriters (20) for the school (these are portable child versions

of lap top word processors that teachers can utilize on a sign-out basis). There are a number of playing fields in the rear of the school for football, soccer and baseball. There is also an attractive versatile playground to accommodate students during recess and play periods.

Sunnymead Elementary School

The Sunnymead Elementary School was originally built in 1959 and in 1963 the all-purpose room with stage and a kitchen were added. A second addition in 1989 included a number of classrooms, small group instruction rooms, a media center, specialty classrooms and a gymnasium. All of the 509 students in grades K-5 are transported. There are two kindergarten classrooms, each having a morning and afternoon session and one transitional first grade.

Grade Level	Number of Classes	Average Class Size
Kindergarten	2 a.m.	19
Kindergarten	2 p.m.	20
Transitional	1	11
Grade 1	4	20
Grade 2	4	21
Grade 3	4	23
Grade 4	4	20
Grade 5	4	22

The principal indicated that the school is still growing and that the staff is rather young. Most of the staff have been in the district less than 10 years and were described as innovative and enthusiastic. In 1995-96, the school was designated a Star School by the NJ Department of Education. The faculty uses an interdisciplinary approach in teaching. Once a month the teachers meet in what the principal termed interest groups. They work on professional growth in four cross-grade groups (K-5, plus specials).

The school received a \$2,200 training grant for parents over two years from the Somerset-Hunterdon County Business-Education Partnership. The school also received two best practices awards from the state, one for technology and one for a parent involvement program. Faculty members have also been the recipients of grants from the Dodge Foundation.

There are one and one-half special education teachers who instruct students in either a resource room or as part of the regular instruction program. The principal indicates that the building operates on a budget of approximately \$100,000 per year to include copiers, telephones, textbooks and supplies.

Triangle Elementary School

The Triangle Elementary School was originally constructed in 1963 with further additions in 1986 and 1989. The school currently houses 530 students in grades K - 5. The cafeteria, offices, computer room and modular classrooms are air-conditioned. There is a significant lack of adequate storage space in the school, which reportedly limits the principal and faculty to relatively small orders of paper and materials. There are five lunch periods and nine aides. The grounds have baseball and field hockey fields for school and community use.

There are 23 regular classrooms (including four half-day sessions of kindergarten) and numerous small instruction rooms in use.

Grade Level	Number of Classes	Average Class Size
Kindergarten	2 a.m.	20
Kindergarten	2 p.m.	18
Transitional	1 (two teachers)	11
Grade 1	4	23
Grade 2	4	23
Grade 3	4	20
Grade 4	4	22
Grade 5	4	21

Since the redistricting, the school has about 150 fewer students than the previous year. The student body is highly transient and all of the students are bused. There are no self-contained special education classes and services are provided based upon student needs as “push in” with an additional teacher or aide in the regular classroom, or “pull out” when students are taken from the regular classroom for special small group or individual instruction.

There were 15 computers in the media center for use by individuals or groups of students, and the media and computer instructor also teach in that area. The media center also houses 40 portable Dreamwriters for student use. The Home and School Association purchased the two class sets and teachers can make requests for classroom use as needed. The gifted program (REACH) has almost 20% of the student body participating compared with a national average of 3%. The transitional first grade program has 22 students and two teachers housed in one classroom.

The Triangle School is located near the middle school and two middle school special education classes come once a week to work with primary age students. High school seniors with an interest in science come every other week to enrich instruction. High school students also help out in art classes on such projects as cartooning, writing and drama. The art program is the recipient of a two-year grant of \$20,000 for teleconferencing. The grant is shared with the middle school and high school. New teachers receive five days of orientation and experienced teachers are provided ongoing in-service education particularly by K-12 supervisors who remain aware of new research studies. There is also a training program in place for parents regarding the curriculum and related student responsibilities.

Woodfern Elementary School

The school is located in the far western part of the district in a very rural area with relatively little growth. The original building was built in 1961 with additions in 1986 and 1994. The building covers 68,000 square feet with about 65,500 square feet to be cleaned. There are 398 students in the building in grades K through 5, including four full-time special education classes.

Grade Level	Number of Classes	Average Class Size
Kindergarten	1 a.m.	22
Kindergarten	1 p.m.	21
Transitional	1	6
Grade 1	3	20
Grade 2	3	19
Grade 3	3	21
Grade 4	3	22
Grade 5	3	23
Special Education	4	8

The Woodfern School experience involves a commitment to student achievement and cross-grade collaborative learning. At the 4th and 5th grade levels, a technology-based interdisciplinary project has been implemented which endeavors to use technology as a tool to integrate literature, science and social studies. The faculty uses a hands-on science program and the Comprehensive School Mathematics Program, which is centered on critical thinking and problem-solving skills.

The Woodfern School has the same design as the Triangle School. The hallways are very narrow and the roof leaks in a number of places, especially around the skylights. There were many stained ceiling tiles and various parts of the building smelled of mildew, especially the bathrooms. Reportedly there have been complaints about air quality. The bathroom (gang toilet) in the interior of the building was rusting from moisture. Parking spaces at the building site are very limited; however, in October, 1999 the township was in the process of building a parking lot on an adjacent property.

There are five scheduled lunch periods and six aides. Since the school building is heavily used after school hours and in the evenings by the township recreation department, any planned use of the building by the principal must be scheduled at least two weeks in advance. The maintenance department response to work orders has been slower than usual this year, which is perhaps due to construction at the high school. With a low unemployment rate, the private bus company has encountered difficulty in employing a sufficient number of bus drivers. The school has encountered busing problems in the afternoon with two buses arriving late on a number of occasions to pick up children. This has resulted in a grievance, as teachers had to remain on-site on several days to supervise children.

The Home and School Association is very active in both volunteerism and in raising money. With a \$30,000 budget, they pay for field trips, outdoor camping, young authors day, assemblies, and buy enrichment materials requested by teachers. Parents are on the principal's advisory committee and serve as library and classroom volunteers.

Woods Road School

The Woods Road School, which houses 487 students in grades K - 5, was built in 1967 with a major addition in 1994. The building, which has about 60,000 square feet, has 25 regular classrooms, one library/media center, one full size gymnasium, one all-purpose room, eight small

group instruction areas, one art room, one vocal music room, one instrumental music room and one gifted and talented (REACH) room. The school grounds have two playground areas with equipment, and a baseball field and a soccer field.

The 1999-00 student class sections and average class enrollments were as follows:

Grade Level	Number of Classes	Average Class Size
Kindergarten	2 a.m.	18
Kindergarten	1 p.m.	18
Transitional	1	11
Grade 1	4	22
Grade 2	3	20
Grade 3	4	25
Grade 4	3	24
Grade 5	3	24
Preschool Handicapped	4	10
Special Education (Autistic)	2	5

All classrooms in the building are occupied, except for a pm session in a kindergarten room. It is anticipated that another (fifth) preschool handicapped class will soon fill this space. There are two self-contained autistic classes in the building. The basic skills program occurs as an in-class experience for students (“push-in”) with supplemental staffing for 45 minutes a day in grades one and two.

The principal acknowledges that the district maintenance department is generally quite responsive to building needs and the transportation program is described as being one of the best in several years with few problems. Identified areas of the building which need attention include the stage curtain, the bathrooms in the older section and a part of the gymnasium floor where water has leaked down a wall and penetrated under the floor.

The Home and School Association is very active and has funded a playground area, an outdoor classroom, field trips, selected teacher projects and school programs.

Hillsborough Middle School

The Middle School opened in January, 1976 and has been expanded twice with major construction. In 1989, special education classrooms, a science laboratory, computer labs and reading labs were added. In the fall of 1994, the annex addition containing a gymnasium, cafeteria and classrooms was completed. The middle school with 176,000 square feet of space now consists of a main building, which contains grades seven and eight, and an annex for grade six. The annex functions as a separate building except that the students go to the main building for library/media activities. The school houses 1,636 students in grades 6-8 and the building administration consists of one principal and three vice-principals (one part-time).

School hours are from 8:40 a.m. until 3:21 p.m. and the classes are scheduled within a nine period day, plus a nine-minute homeroom period. The periods are 40 minutes in length with three minutes for passing time. In addition to the core subjects/skills, students have the

opportunity to take foreign language, art, music, physical education, home economics, technology and computer literacy. There are also a number of small group instruction rooms and small special education rooms throughout the building.

Teachers typically teach five classes and during a sixth period have a study/cafeteria duty or other supervision, such as commons, hallway, front door or office duty. Teachers also have daily lunch, preparation, and team meeting periods. The core teaching staff is organized into teams of four to six for instruction in grades six through eight with increasing specialization in grades seven and eight. Sixth grade is on a six-day cycle and the seventh and eighth grades follow a five-day schedule.

There are also a number of small group instruction rooms and small special education rooms throughout the building. There are two cafeterias for student use; each team of students has 20 minutes for lunch and the other 20 minutes is spent in a supervised study. There is one large media center with 30 computers for student use.

According to the 1997-98 school report card, the number of students per faculty member for the school was 11.7:1 compared to a state average of 14:1. In other words, the middle school has a larger number of faculty members for the student population than the state average.

Hillsborough Middle School, as a New Jersey and National Blue Ribbon School of Excellence, serves as a model for other schools. Parents, teachers and students are dedicated to excellence in academics, experience in the arts and effort in athletics. The school has 26 co-curricular activities for students where teachers receive a stipend. The school grounds include a soccer field.

The building principal expects 1,755 students for the 2000-01 school year, and if enrollment increases continue at the current rate, there will be over 1,800 students. Space and classroom capacity remains at a minimum. He expects that five more classrooms will be needed next year and an additional computer lab will also be needed. Available space in special area locations (art, technology, home economics and music) will be particularly pressed.

Hillsborough High School

Hillsborough High School houses 1,689 students in grades 9 through 12 and operates on a seven-period per day schedule with three 25-minute lunch periods. Class periods are 48 minutes in length and an additional six minutes are allowed for each class passing.

The high school offers a comprehensive program of studies and 120 credits are required for graduation. Students may also elect to attend the Somerset County Vocational Technical School on either a full-time or a shared-time basis.

Students may select courses in applied technology, English, family & consumer science, fine arts, independent study, information & communications technology, mathematics, music, physical education & health, science, social studies, special education, world languages and

computer courses. The curriculum also provides an opportunity for students to take advanced placement courses in English, art, mathematics, science, social studies, world languages and computers.

At the time of the building visitation by the review team, the building was undergoing construction in a number of areas. Originally, the project was to be finished in September, 1999. The recently approved referendum funded an addition to the high school, as well as the renovation of the existing facility. The following improvements will eventually result:

- Provide space for 700 more students, resulting in classroom and support space for 2,100 students.
- Provide a long-term design for growth to 2,800 students.
- Expand and improve the library/media center, science labs, cafeteria and gymnasiums.
- Use existing cafeteria and library spaces to provide a new area at the center of the school for lunch and other student activities.
- Provide up-to-date technology throughout the building.
- Widen hallways at key locations and renew existing spaces to meet current and long-term educational needs.

The district is experiencing construction delays in a number of areas so that the new completion date is now uncertain. The second floor of the science and technology addition, which includes all the science classrooms, has been released to the district. The students do not have access to any of the technology classrooms or the media center on the first floor; however, the latter is near completion. The former will require much more work. Also, there are a number of classroom areas that still need to be renovated. The commons area in the center of the complex is open for student use and serves as the cafeteria. The kitchen, which is a most attractive and versatile area, is not in operation and will take additional time to complete. The old gym now serves as the library, and once the new media center is functional, it will also be renovated.

The student body is divided by alphabet into two houses (red and gold) for all four years of a student's high school experience. Two of the vice-principals serve as house leaders. The administration meets unofficially each day and officially once a week. The principal also meets with the supervisors once a week. According to the 1997-98 school report card, the length of time school is in session was six hours and 55 minutes compared to a state average of six hours and 32 minutes. The daily amounts of time students were engaged in instructional activities were five hours and 40 minutes in Hillsborough High compared with a five hours and 29 minutes state average. The numbers of students per faculty member and per administrator are as follows:

Number of Students	Hillsborough High School	State Average
Per Faculty Member	12	11.7
Per Administrator	146	181

The Home and School Association is fairly active and the principal meets with them every other month. They basically raise funds for student scholarships. There are a number of athletic boosters clubs who raise funds for specific programs.

The school district has received a two-year grant (written by the township chief of police) to fund the placement of a regular police officer in the high school. The officer assists in instruction, safety concerns and police-student relationships. The alterations also include the placement of 60 digital security cameras which, when operational, will provide additional security.

In October, 1999, a large number of the school's computers were still in storage awaiting completion of classrooms or arrival of new furniture. Every classroom will have a personal computer for staff use and all teachers will have a desk and work area in new teacher workrooms throughout the building. The 600-seat auditorium has been completely renovated. The new physical education area (locker rooms, team rooms, weight room, aerobics room and trainer's room) is a state-of-the-art facility. The school grounds contain a football practice field. There are also varsity baseball, junior varsity baseball, softball and two soccer fields. When completed the high school will be a spacious and relatively modern facility located on a functional and attractive site.

Assessment

In October, 1998, 318 eleventh grade Hillsborough students were administered the grade 11 High School Proficiency Test. The reading section was passed by 94.2% of the students, while 93.6% and 96.7% passed the math and writing sections of the test.

According to the 1998-99 Quality Assurance Annual Report, Hillsborough students in grades three to seven continued to score in the 90th percentile or above on the IOWA achievement tests, which has been the situation since 1995. The Scholastic Aptitude Test (SAT) results are summarized in the following table:

Year	SAT Verbal		SAT Mathematics	
	State (NJ)	Hillsborough H.S.	State (NJ)	Hillsborough H.S.
1996-97	497	519	508	542
1997-98	497	520	508	545
1998-99	498	527	510	552

The review team had a visitation tour of each of the nine schools in the school district. The climate and atmosphere in Hillsborough schools were generally friendly and supportive for students. Well-defined routines and procedures in classrooms are clearly articulated resulting in efficient use of instructional time, while assuring the well-being of students. The district emphasizes the basics but also offers a curriculum, which includes a well-equipped library/media center, guidance services, technology, arts, world languages, and health and physical education. High expectations for student achievement and behavior are evident and students generally conduct themselves accordingly.

Special Education

The Hillsborough School District offers a full continuum of special education programs for students with disabilities. The October, 1998, Application for State School Aid Report (ASSA) indicates that the district provided services for 860.5 students with special needs. This represents 13.1% of the total resident school population. The number of special needs students has increased by over 20% in the past two years and during the same time resident district enrollment

increased by slightly less than 6%. The chart below indicates that while district enrollment increases are significant, special education increases in the same period are over three times as great.

Special Education-Regular Education Enrollment Comparison

	1996-97	1997-98	1998-99
District Resident Enrollment	6,194	6,349	6,554
Special Education Resident Enrollment	716	789.5	860.5
Percentage Special Ed. Enrollment to District Enrollment	11.6	12.4	13.1
Percentage of District Enrollment Increase		2.5	3.2
Percentage of Special Education Increase		10.3	9.0
Percentage of District Enrollment Increase (1997-99)			5.8
Percentage of Special Educ. Increase (1997-99)			20.2

Source: ASSA, 1996-97, 1997-98 and 1998-99

The same can also be said for special education expenditures. The chart below displays the funds expended in the Hillsborough School District for the school years 1996-97, 1997-98 and 1998-99. Budgetary increases in this area were 9.1% in 1997 and 10.5% in 1998 compared to overall district increases of 3.7% and 11%. The two-year increase in the district budget was approximately 15% and in special education 20.5%.

The special education transportation area is of particular concern. Hillsborough has experienced dramatic increases in the cost of transporting special education students over the last two years. Between 1996-97 and 1997-98, the transportation line item increased by 21.2% and between 1997-98 and 1998-99 costs increased by 18%. The overall two-year increase in all areas of special education transportation was 43% (further detail is provided in the Transportation section of this report).

Hillsborough School District Special Education Expenditures			
	1996-97	1997-98	1998-99
Mentally Retarded- Educable	\$38,428	\$57,162	\$51,621
Neurologically Impaired	\$201,104	\$195,073	\$202,791
Perceptually Impaired	\$303,599	\$304,756	\$310,112
Communication Handicapped	\$184,948	\$230,400	\$227,908
Resource Room	\$1,597,105	1,790,214	2,099,917
Autistic	\$120,100	\$125,688	\$151,219
Preschool Handicapped	\$123,314	\$178,558	\$180,050
Supplementary Instruction	\$32,283	\$0	\$0
Total Special Education Instruction	\$2,600,881	\$2,881,851	\$3,223,607
Related Services	\$489,017	\$553,005	\$589,237
Extraordinary Services	\$172,358	\$254,974	\$343,759
Tuition to Other LEAs Within State	\$438,863	\$383,742	\$300,279
County Vocational Education	\$11,000	\$11,000	\$16,320
Tuition to CSSD & Regional Day Schools	\$208,422	\$276,415	\$246,061
Tuition to Private School for Handicapped	\$1,257,406	\$1,258,868	\$1,475,526
Total Undistributed Expenditures-Instruction	\$1,949,280	\$1,956,820	\$2,038,186
Salaries of Other Professional Staff	\$556,282	\$621,406	\$649,436
Salaries of Secretarial and Clerical Assistants	\$88,422	\$91,489	\$94,888
Other Purchased Professional & Technical Service	\$62,416	\$18,633	\$47,776
Supplies and Materials	\$11,623	\$13,496	\$13,444
Total Other Support Services- Special Services	\$718,743	\$745,024	\$805,544
Pupil Transportation Between Home and School	\$128,575	\$158,006	\$160,315
Contracted Services- Vendors	\$254,979	\$361,081	\$411,363
Contracted Services- Joint Agreement	\$265,059	\$12,186	\$15,512
Contracted Services- SES-ESC's	\$0	\$254,793	\$342,111
Total Special Education Transportation	\$648,613	\$786,066	\$929,301
Total Special Education Expenditures	\$6,578,892	\$7,177,740	\$7,929,634

Source: Comprehensive Annual Financial Report 1996-97, 1997-98, and 1998-99.

The district provides a resource room option in all schools and this option provides both in-class and out-of-class support. In addition, self-contained classes are offered at the elementary level at the Amsterdam School, Hillsborough School, Woodfern School and Woods Road School and on the secondary level at the Hillsborough Middle School. It is anticipated that a full-time class will be established at the high school level in 2000-01 to accommodate students now moving through the middle level. The district also offers four sections of half-day sessions of pre-school handicapped at the Woods Road Elementary School. These classes were established as part of the requirements of the IDEA Act, Part B in order to provide these students with a smooth transition to school.

The review team compared Hillsborough's special education costs for 1998-99 to the expenditures of the three comparable school districts. The district spends less per student by

21.8% than the three-district average of \$11,818. However, Hillsborough has the highest rate (13.2%) of student classification in relation to ADE, which is 2.2% higher than the three district average percentage of 11% and 1% higher than the state average of 12.1%.

Special Education Expenditure Comparisons 1998-99				
	Hillsborough	Scotch Plains Fanwood	Randolph Township	South Brunswick
Special Education Instruction	\$3,223,617	\$2,781,181	\$2,034,884	\$2,981,506
Indistributed Expenditures	\$2,038,186	\$1,948,579	\$1,896,264	\$2,380,862
Related Services	\$589,237	\$270,739	\$392,588	\$586,512
Extraordinary Expenses	\$343,759	N/A	N/A	N/A
Support Services	\$805,544	\$687,722	\$1,100,836	\$1,018,906
Transportation	\$929,301	\$689,941	\$471,205	\$700,905
Total Special Education	\$7,929,634	\$6,378,162	\$5,895,777	\$7,961,282
Average Daily Enrollment (ADE)	6516	4300	4883	6612
Special Educ. Resident Enrollment	860	548	466	714
Cost per Special Education Pupil	\$9,221	\$11,639	\$12,665	\$11,150
Spec. Educ. Students as % of ADE	13.2%	12.7%	9.5%	10.8%

Source: 1998-99 Comprehensive Annual Financial Reports (CAFR)

The school district currently operates in 1999-00 with six child study teams consisting of 18 full-time and two part-time members. The teams are comprised of a combination of seven psychologists, seven learning specialists and six social workers. Two of the teams have four members and the remaining four teams have three members each. The workload for each team takes into consideration the number of students, the severity of their disabilities, travel time and any additional responsibilities assigned. The child study teams are responsible for the management of the due process procedure in the district and report to the director of special services.

During school year 1998-99, the Hillsborough Township School District referred 3.4% of its enrollment for evaluation for possible eligibility for special education. This is higher than the state average of 2.6% of the enrollment. The child study teams found less than two thirds of them eligible for special education, or 2.2% of their enrollment, compared with the state average of 1.8%. Half were specific learning disabled, 17% as language impaired and 8% as other health impaired. As a result, Hillsborough Township School District's special education classification rate has been steadily increasing over the last few years from 11.5% in 1995 to 13.1% in 1998.

Recommendation:

District officials should examine the Hillsborough general education curriculum and instructional techniques to determine what modification and support might be added in order to minimize the referrals for an evaluation of special education eligibility, in the first place.

In response to student needs and in an effort to control special education costs, the district established two classes for children with Autism at the Woods Road School. This enabled the

district to "bring back" students to the district from out-of-district placements in order to provide their education in a setting less restrictive. These classes are at capacity and will eventually lead to the establishment of classes on the secondary level. One classroom teacher with the help of two aides manages each of the classes. In addition to the program offered during the regular school year, the district offers those students who require it, an extended year program. This program is offered for six weeks during the summer recess for students whose IEP requires these extended services.

Recommendation:

The district is experiencing rapid growth in the special education student population. While district per pupil costs for special education are reasonable, district officials should examine the causes for the significant increase in the number of classified students. The percentage of special education students in relation to ADE in Hillsborough exceeds the average of the three comparable districts by 2.2% and the state average by 1%. District officials should continue to monitor programs and placements of students out-of-district and consider establishing classes in-district when appropriate and cost effective.

Special Education Medicaid Initiative (SEMI)

The SEMI program provides an opportunity for school districts to claim available federal Medicaid funds for services being provided to eligible special education students. The Hillsborough School District may claim reimbursement for evaluations, speech, occupational therapy, and physical therapy, psychological counseling, nursing services and individual health services.

The State of New Jersey has distributed over \$20 million in Medicaid reimbursements to participating districts. The team estimates that the Hillsborough School District has approximately nine eligible special education students that would generate a minimum of \$4,000 in Medicaid reimbursements annually. The district may also claim retroactively for up to one year for services and evaluations already provided. The district would need to complete an "LEA Assurances and Application for Certification" form and the Medicaid application for provider enrollment. Technical assistance is available to the district in completing the documents and setting up the claims process.

Recommendation:

The district should consider participation in the Special Education Medicaid Initiative (SEMI), obtain a Medicaid provider number, select a coordinator and request technical assistance from the state.

**First Year Estimated Cost Savings: \$6,000
Annual Estimated Revenue Increase: \$4,000**

Basic Skills

For the 1998-99 school year, the Hillsborough School District had 502 students receiving basic skills instruction in grades kindergarten through 12. These include some students in the English-as-a-Second-Language Program and those associated with a child study team who receive support instruction in reading, writing and language development.

Eligibility for the Basic Skills Improvement Program (BSIP) is determined based upon standardized tests, i.e., the IOWA Test of Basic Skills administered in the 4th grade, the State of New Jersey Early Warning Test (EWT) given in 8th grade, and the High School Proficiency Test (HSPT) given in 11th grade. Teacher recommendations are also used for placement into the program. When selecting students to participate in the program, rather than consider just the one test score, the teachers look at past scores and the students' entire profile in making the determination.

The Elementary School Proficiency Assessment – Grade 4 (ESPA) is a new state test for fourth grade students. The ESPA was designed to give educators information about fourth-grade achievement in the areas required by New Jersey's Core Curriculum Content Standards. The following content areas are being tested: language arts literacy, mathematics, science, and visual and performing arts.

Tests utilized for BSIP eligibility include:

The New Jersey Grade 8 Early Warning Test (EWT) is used as a primary indicator for identifying students who may require instructional intervention in the areas of reading, mathematics and writing. Scoring is distributed among three levels, the highest being level I, which indicates clear competence to level III, which is considered below the state minimum of proficiency. Instructional placement for all students is determined after additional assessment information is considered.

High School Proficiency Test – Grade 11 (HSPT11) consists of three sections – reading, mathematics and writing - and must be passed as one of the requirements for a high school diploma. If a student does not pass one or more test sections, he or she will receive additional instruction and will be re-tested.

The district has chosen not to use the State's cutoff for BSIP eligibility, but rather sets its own, and uses other criteria to identify students who may be at risk. As an example, all students in first and second grade receive basic skills instruction in math and literacy as a preventive measure. Target instruction time is 30 to 45 minutes per day of a six-day teaching cycle.

At the elementary level, the program is conducted on a "push in" basis, which district officials reportedly believe is more successful in non-skilled based disciplines. All "pull out" that occurs at the elementary level is done in the area of math after the third grade. Total daily target instruction time for third and fourth graders is one hour for reading and writing and 45-50 minutes for math. Fifth through eighth grade students receive 40 minutes instruction plus a 40 minute writing lab. High school students receive in-class support in addition to 50-minute courses providing individual or small class instruction.

Basic Skills Improvement Program services are provided to the non-public school through the Somerset County Educational Services Commission.

The total Basic Skills/Remedial expenditures increased by 61% from 1997-98 to 1998-99. This is due to increased student enrollment between June, 1998 and June, 1999 of 194 students and the initiation of the preventative BSI instruction for literacy and math in the first and second grades. Both of these developments have increased the overall BSI enrollment.

Hillsborough School District-Basic Skills Expenditures					
	1996-97	1997-98	1998-99	1998-99	% CHANGE
				% Total	97-98
				Operating	to
Basic Skills/Remedial – Instruction				Expense	98-99
Salaries of Teachers	\$929,149	\$913,377	\$1,476,609	99%	61.7%
General Supplies	12,474	14,987	16,962	1%	13.2%
Total Undistributed Expenditures	941,623	928,364	1,493,571	100%	60.9%
Total # Students			6,516		
Total Cost Per Pupil			\$229.22		

Based upon the 1998-99 Comprehensive Annual Financial Report (CAFR), Hillsborough is spending the most for its Basic Skills Improvement Programs among the comparative districts.

Hillsborough School District and Comparable School Districts 1998/99 Basic Skills/Remedial – Instruction Expenditures						
	Hillsborough		Randolph	Scotch Plains-Fanwood	South Brunswick	Three District Average
		% Total Operating Expense				
Basic Skills/Remedial - Instruction						
Salaries of Teachers	\$1,476,609	99%	\$333,253	\$644,224	\$1,359,405	\$778,961
Purchased Prof. Education Serv.	0	0%	0	781	0	\$260
Purchased Technical Services	0	0%	0	40	54,197	\$18,079
General Supplies	16,962	1%	3,345	6,376	0	\$3,240
Other Objects	0	0%	0	1,237	0	\$412
Textbooks	0	0%	1,291	0	0	\$430
Total Undistributed Expenditures	1,493,571	100%	337,889	652,658	1,413,602	\$801,383
Total # Students	6,516		4,883	4,300	6,612	5,265
Total Cost Per Pupil	\$229.22		\$69.20	\$151.78	\$213.79	\$152.21
Source: 1998-99 Comprehensive Annual Financial Report (CAFR)						

Hillsborough's relatively high spending in the BSIP is due in part to extending the service to students who might not otherwise qualify for compensatory educational services. The district's decision to offer extensive compensatory educational services to additional students beyond state mandated standards is a judgment by local school officials about the needs of the student population and community expectations for relative high test scores.

Recommendation:

While the review team concurs with the importance of basic skills, the relatively high expenditures for basic skills instruction should be examined for possible efficiencies and cost savings. The recent upward trend in basic skills costs of 30% per year over two years far exceeds the student enrollment increases and the total budget increases. Since 99% of the costs are for teachers' salaries, the district should study the basic skills schedules and teacher workload parameters contained in any relevant collective bargaining agreements, in order to determine the most effective deployment of these teachers.

Bilingual/English-as-a-Second Language

The district operates an English-as-a-Second Language (ESL) program for approximately 93 students. This is one of several programs operated under the auspices of the New Jersey Department of Education's (DOE) Bilingual Program. An ESL program is required when districts have 10 or more students who speak languages other than English. Related programs operated under the auspices of DOE include English Language Services (ELS), which is required when a district has five to nine students who speak languages other than English and a bilingual program, which is required when a district has 20 or more students who speak one native language. Hillsborough has slightly more than 20 students who speak one native language but they received a waiver from the DOE that excludes them from this requirement. This is an economical move because of the additional expense that would be required to meet the higher staffing standards of a bilingual program, especially when the number of students next year may go below the minimum number of 20.

In 1998-99, the district's ESL program had 4.5 staff and approximately 93 students. Salary costs for the bilingual program in 1998-99 were \$223,050 and another \$2,904 was spent on supplies and \$2,774 on textbooks (see table below):

			Scotch		Three
		South	Plains	Randolph	District
	Hillsborough	Brunswick	Fanwood	Township	Average
County	Somerset	Middlesex	Union	Morris	
Student Enrollment	6,516	6,612	4,300	4,883	5,265
Limited Eng. Prof. Student	93	60	34	49	48
Salaries of Teachers	\$223,050	\$142,750	\$43,885	\$134,095	\$106,910
Other Purchased Services			\$143		
General Supplies	\$2,904	\$4,373	\$739	\$3,669	\$2,927
Textbooks	\$2,774				
Total	\$228,728	\$147,123	\$44,767	\$137,764	\$109,885
Cost/LEP Student	\$2,459	\$2,452	\$1,317	\$2,812	\$2,193

The review team compared Hillsborough's cost per Limited English Proficient (LEP) student to the selected districts. Hillsborough's cost is \$2,459, which is \$266 or 12.1% above the \$2,193 average of the comparison districts. However, a closer look at the data indicates that Hillsborough's costs per LEP student is very comparable to the two districts with similar size programs.

In addition to costs, the review team received information to help it assess the quality of the ESL program. The team received input from teachers and staff indicating overall satisfaction with the ESL program. The ESL staff was seen as well-trained, experienced, and effective. The only complaint heard was the timing of testing to identify students' need for ESL services. The supervisor of the ESL program was aware of this problem and has taken action to avoid it in the future.

The team's review of Hillsborough's ESL program indicates that the costs are reasonable and the program meets the needs of Limited English Proficient students.

Gifted and Talented

Hillsborough Township recognizes the need to support students capable of high performance and to provide these students with educational programs and, when necessary, differentiated facilities in which to fully develop their gifts and talents. Identifying the program as REACH, the district defines the title as R-each E-xplore A-cademic C-reative H-eights. REACH is offered at each of the schools and begins in grade one as a limited resource for the identified students. A more standard gifted and talented structure is utilized in grades two through 12.

Students are identified for inclusion into the program through the following criteria:

- aptitude tests;
- a creativity assessment;
- standardized achievement scores;
- classroom performance ratings; and
- behavioral profiles.

The goals of this program are to develop:

- complex, abstract and higher level cognitive processes;
- problem-solving and decision-making abilities;
- awareness and acceptance of oneself as a unique individual and as a member of society; and
- increased independence, individuality, and self-direction in learning.

The district is continuously modifying and revising curriculum in all areas, and the REACH program revisions were begun in 1998-99 with the grade one and grade six curriculums.

While striving to meet the needs of these special students, the district recognizes that all students should be included in the stated objectives of the REACH program. Working toward that goal, a continuing assessment of all subject areas and teaching methods is made to better develop and strengthen the individual talents of all students in the district.

Library and Media Services

The Hillsborough Quality Assurance Annual Report (QAAR) states that the library/media center curriculum prepares students to locate, select, retrieve, analyze, evaluate, synthesize and present information. Its aim is to develop strategies for effective information retrieval and management.

The Hillsborough School District has a total of nine school libraries/media centers including seven elementary schools, one middle school and one high school. All library/media centers are open during regular school hours with extended hours at the high school. Each elementary site is staffed by one librarian supplemented by assistance from volunteers of the Home and School Association and a rotating part-time library aide. During the time of our review, there was one library assistant who was reallocated to serve all of the elementary media centers on a rotating basis. The 1999-00 budget submission calls for 2.5 additional library aides, which would give each elementary school their own part-time aide. The middle school and high school media centers utilize full-time library assistants.

The district advocates a collaborative arrangement in the elementary grades whereby the homeroom teacher, computer teacher and the media specialist all contribute their various methodologies to an inter-disciplinary research process. This is accomplished through the elimination of individual school computer labs and the consolidation of a number of terminals in all elementary library/media sites.

Each facility was visited and all appear to be physically well-suited to the needs of the individual student clientele. The elementary school media centers have maximized the available floor space by having separate reading areas and a location for computer workstations. These stationary terminals are supplemented with "DreamWriters," which are portable word processors with compressed screens specifically geared to children.

The placement of "DreamWriters" is highly dependent on the individual administration at each elementary school and the ability of the Home School Association to purchase additional terminals. As an example, one elementary school has opted not to purchase additional "DreamWriters" but rather has requested that the Home School Association concentrate their fundraising efforts on the purchase of stationary stand-alone computers with a variety of software.

The middle school and high school library/media centers concentrate on fostering the collaboration among students, teachers and administrators through access to information resources. The library/media centers function as a computer lab and research site with automated card catalogs, electronic databases, on-line research materials and Internet access.

During the period of the review, the high school library/media center was temporarily located in the gymnasium. The new library/media center, which includes an inter-active TV lab, was in the final phases of construction. Upon completion of the facility, the library/media center plans to join the Somerset County Consortium as a means of offering college courses and giving community groups the ability to interact.

The library/media center curriculum is committed to technological expansion in order that students will be able to gain access to resources within and outside the school setting. There are planned linkages between the library/media centers at each school and the local municipal library. These were identified both in staff interviews and the district technology plan.

The district currently participates in regional inter-library services and belongs to the Highland Cooperative, which is a grouping of libraries by county. This allows the district to draw on the resources of participating public, private and business libraries in the region.

The district recently underwent a conversion from DYNEX to Follett, an integrated library system for cataloging, ordering and circulation management. There are various information databases in place throughout the school district. The elementary schools access EBSCO (Elton B. Stephens Co.), and the middle school and high school utilize SIRS (Social Issues Resources Series), NewsBank, MAS (Magazine Article Summaries), CD-ROMS and on-line reference systems.

The total cost per pupil for the district for 1998-99 is higher than the average of the three comparable schools both for salaries and materials/supplies. This is attributable to a median salary of \$57,889 for librarians in contrast to \$42,687 for all faculty. In addition, the district has been experiencing consistent growth for the last seven years which may be driving up the materials/supplies line item faster than comparable school districts.

Hillsborough and Comparable School Districts Results of Operation for 1998/99 Educational Media Services/School Library					
			Scotch Plains	South	Three District
	Hillsborough	Randolph	Fanwood	Brunswick	Average
	1998-99	1998-99	1998-99	1998-99	1998-99
Educational Media Services/School Library					
Salaries	\$551,452	392,277	347,868	533,325	424,490
Purchased Professional Education Services	0	0	1,778	0	593
Supplies & Materials	163,872	117,231	78,891	244,373	146,832
Other Objects	0	0	1,432	0	477
Total Educational Media Services/Library	\$715,324	509,508	429,969	777,698	572,392
Total # Students	6,516	4,883	4,300	6,612	5,265
Total Library Cost Per Pupil	\$109.78	\$104.34	\$99.99	\$117.62	\$107.32
Library Cost Per Pupil - Salaries	\$84.63	\$80.34	\$80.90	\$80.66	\$80.63
Library Cost Per Pupil - Supplies & Materials	\$25.15	\$24.01	\$18.35	\$36.96	\$26.44

Source: 1998-99 Comprehensive Annual Financial Report (CAFR)

Findings:

The library/media centers are serving an exemplary function through utilization of electronic databases and research materials online. The review team supports the district's efforts to enhance the library/media centers and encourages the district to continue providing resources.

Nursing/Health Services

The nursing staffs in the Hillsborough Schools have continuous, personal, direct contact with every individual student during the school year. With the assistance of health services specialists, students are assisted in attaining and/or maintaining optimum health and in promoting positive health habits and attitudes.

The nurse assists and provides information for the school physician when physical screenings are conducted, conducts screening tests for vision, hearing, scoliosis and tuberculin, administers first-aid and emergency care to staff and students, and assists in the professional development of the health curriculum. All nurses are also responsible for distributing, receiving and evaluating forms for free and reduced lunch in their schools.

During the 1998-99 school year, the district's health services function was staffed with one nurse at each elementary school, 1.79 nurses at the middle school, and 1.5 nurses at the high school. The middle school had a part-time (.5) secretary and the high school had one full-time secretary. The services of the district's nurses are pooled for certain screenings and physical examinations. The high school had one nursing supervisor who coordinates all nurses in the district and operational matters such as ordering supplies, policy/procedural changes, etc.

The student enrollment numbers, and hence the nurses' workload at the various school are based on the average daily enrollment as follows:

Elementary School	Middle School	High School
1:571	1:842	1:1,055

The recommendations contained in the Department of Education Comprehensive Plan for Educational Improvement and Financing indicate that the number of students at the Hillsborough School District could warrant additional nursing personnel. Acceptable staffing levels of nurses to students are 1:500 at the elementary level, 1:675 at the middle school, and 1:900 at the high school. As the situation now exists, there is little, if any, time for the nurses to conduct some of the more proactive programs often offered by districts with lower nurse to student ratios.

Recommendations:

District officials should consider hiring one additional certificated school nurse who could be shared by the middle school and the high school at an estimated annual expense for salary and fringe benefits of \$38,500.

Value Added Expense: \$38,500

There are currently no permanent nursing substitutes who could float at various schools and fill in on an as-needed basis. Nurses from either the middle school or high school are allocated to fill in for vacancies, which further exacerbates the high nurse/student ratios.

The district should consider increasing recruitment efforts to obtain substitute nurses and to compensate them in a manner to be competitive with local hospitals and physicians.

Physician services are provided through a private physician group. The payment for 1998-99 was in the amount of \$25,500 which includes conducting physicals and health screenings, assistance in the classification of handicapped students, enforcement of immunization rules and providing special guidance when health emergencies arise. As a separate service, there is a team

physician present at all varsity football games. Total payments for school year 1998-99 to the team physician were \$3,532. The district also receives complimentary visits from area dentists during Dental Health Month, which feature a lecture and educational videos.

Recommendation:

The district currently does not have a contract with the private physician's group, which provides medical services to the school community. District officials should consider drafting a contract outlining all services to be provided, the performance level and stipulated price. In awarding such a contract, the district also should abide by the Public School Contracts Law, as amended on April 17, 2000.

Hillsborough School District and Comparable School Districts Health Services Operational Costs for 1998/99						
	Hillsborough		Randolph	Scotch Plains- Fanwood	South Brunswick	Three District Average
		% Total Operating Expense				
Health Services						
Salaries	\$500,209	92%	\$396,339	\$384,794	\$653,324	\$478,152
Purchased Prof. & Tech Services	29,432	5%	22,054	96,203	39,656	52,638
Other Purchased Services	3,857	1%	5,011	511	0	1,841
Supplies and Materials	8,980	2%	11,249	7,630	14,657	11,179
Total Health Services	542,478	100%	434,652	489,138	707,637	543,809
Total # Students	6,516		4,883	4,300	6,612	5,265
Health Cost Per Pupil	\$83.25		\$89.01	\$113.75	\$107.02	\$103.29

Source: 1998-99 Comprehensive Annual Financial Report (CAFR)

The review team compared Hillsborough's 1998/99 costs for health services to the expenditures of the three comparable school districts. Hillsborough spent \$83 per student, which is 19.4% lower than the \$103 average expenditure per student for all of the selected districts.

Guidance

The Hillsborough Guidance Program is a comprehensive developmental approach intended to help all students reach their potential. It is administered to all students in the district.

The elementary school program is intended to help students acquire the skills and knowledge, which are essential for responsible behavior, academic achievement, personal satisfaction and successful integration into society. This is accomplished through classroom guidance lessons, small groups and individual counseling sessions. The structured offerings for the elementary grades are:

K-1	Self in the Community
2,4	Anger Management
3	Get to Know Classmates
4	Exploring Talents and Skills
5	Moving to Middle School

The program is further enhanced through utilization of referral forms for parents, staff members or children. These referral forms request information on the reasons for intervention such as academic, emotional, personal relationships or physical/health.

The middle school guidance program fosters problem-solving strategies that address the multitude of adjustment problems facing adolescents today. The guidance function is an integral part of the total education program of the middle school. The long-term goal is to reduce emotional stress and encourage academic success while minimizing adjustment problems. The fundamental core of counselors at the middle school is the instructional staff. When problems become more exacerbated, specially trained personnel are utilized. These include guidance counselors, administrators, school nurse and child study personnel.

The following services are provided at the middle school level:

- counseling services for a myriad of issues;
- master schedule development for students and staff;
- report card review and academic counseling;
- orientation programs for new students and for those entering high school;
- testing program, including administration, and interpretation; and
- coordination of referrals for evaluation by child study teams.

The high school guidance program's goal is to help all students reach their potential. Guidance services emphasize educational planning, student accountability and human interaction. Guidance and counseling is intended to assist individuals in the understanding of self, in making choices that are individually satisfying and socially effective.

Services which are offered include: academic counseling, assistance for parents and staff of students with special needs, preparation for college and non-college bound students, discussion of academic performance and career development, selection and scheduling of courses, administration of tests and interpretation of results, consulting functions, self-awareness seminars, and guidance programs for all students.

The high school and middle school have a Student Assistance Counselor (SAC) who serves as the Substance Awareness Coordinator.

The Hillsborough School District provides guidance counseling services to all students in grades K-12. The New Jersey Department of Education's Comprehensive Plan for Educational Improvement and Financing recommends the following ratio of counselors to students based upon grade level.

High School	Middle School	Elementary School
1:225	1:338	1:500

The Hillsborough School District exceeds these ratios at the elementary and middle school levels. The high school ratio is somewhat under the established ratio. It should be emphasized that there are fewer established criteria for guidance in the elementary grades as students in these grades have no demands for college and career counseling.

At the elementary school level, there are three counselors for the 3,427 students or a ratio of 1 counselor: 1,142 students. At the middle school level, three counselors assisted 1,506 students for a ratio of 1 counselor: 500 students. The high school has a total of eight counselors for 1,583 students for a ratio of 1 counselor: 199 students. *[Note: The school populations are based on the average daily enrollment for School Year 1998-99.]*

All elementary and middle school guidance services report to the building principal. The high school has a director of guidance services who reports to a vice-principal.

Hillsborough Township School District and Comparable School Districts Results of Operation for the 1998/99 School Year Undistributed Expenditures - Other Support Services - Students - Regular (Guidance)						
	Hillsborough		Randolph Township	Scotch Plains/ Fanwood	South Brunswick	Three District Average
		Percent*				
Guidance						
Salaries of Other Professional Staff	\$799,383	88%	\$732,790	\$478,772	\$1,039,421	\$750,328
Salaries of Secretarial & Clerical Assistants	88,895	10%	98,192	167,531	0	\$88,574
Other Salaries	0	0%	5,824	12,610	0	\$6,145
Purchased Prof.-Educational Services	0	0%	0	38,153	0	\$12,718
Other Purchased Prof. & Technical Services	5,485	1%	1,969	3,823	606	\$2,133
Other Purchased Services	0	0%	963	2,555	0	\$1,173
Supplies and Materials	14,091	2%	9,772	12,667	72,265	\$31,568
Other Objects	0	0%	6,015	49	0	\$2,021
Total Undistributed Expenditures – Guidance	\$907,854	100%	\$855,525	\$716,160	\$1,112,292	\$894,659
Total (ADE) Students	6,516		4,883	4,300	6,612	5,265
Total Guidance Cost Per Pupil	\$139.33		\$175.20	\$166.55	\$168.22	\$169.93

Source: 1998-99 Comprehensive Annual Financial Report (CAFR)

*Percent of operating expense.

The Hillsborough School District total cost per pupil for guidance services is \$139, below the three-district average of \$169.

Findings:

The district's guidance function seems well-organized and appears to be meeting the needs of the district's students. The cost of the guidance function and the number of guidance counselors are within a normal range. It should be noted, however, that the number of guidance counselors would need to be increased to keep pace with the increasing enrollment of the school district.

Professional Development

Hillsborough's commitment to staff development is reflected in the many diverse programs available to both teachers and administrators throughout the school year. As an ongoing process

for increased professional competency and improved instructional effectiveness, the district staff development committee, with the support of the school board, recommended a coordinated program, which was offered during the 1998-99 school year.

The goal of this program was to provide growth opportunities that reflected the long- and short-term educational goals and objectives of the district. Included in this program were 1998-99 projects such as:

- Maintaining the district's commitment to Continuing Education Units (CEU's) through a program of in-house "graduate like" courses which gave the participants credit on the Hillsborough salary guide.
- Participation as a satellite site for the Seton Hall graduate studies program in accordance with applicable statutes and regulations pertaining to higher education programs conducted off-campus. Through this program, courses are offered for staff development, and a full master's degree program in general professional education is available. Hillsborough staff members have taken advantage of the opportunity and several have received master's degrees through this program.
- Reimbursement and support for college credit course work for all staff.
- Board funded in-house workshops, seminars, guest presentations and opportunities to participate in the review and development of curriculum. Four staff development days were provided during the 1998-99 school year.
- Special training relationships with the College of New Jersey, Rutgers University, the Coalition of Essential Schools, Seton Hall University, Raritan Valley Community College, Educational Technology Training Center.
- Activities for new teachers to assist them in strategies to aid students in and out of the classroom.
- Faculty and staff training in many areas. A new partnership with Princeton University has been arranged for the 1999-00 school year.

In addition, a two-day seminar for administrators dealt with the varied possibilities for implementation of technology in the classroom situation and was presented by a nationally recognized expert in the field.

During the 1998-99 school year, \$64,487 was expended in the area of professional development, and course reimbursement totaled \$232,785.

Athletics and Co-Curricular Activities

Co-Curricular Activities

Co-curricular activities represent the district's efforts to supplement the curriculum with activities that enrich the student's character and broaden their areas of interest. This is achieved through sponsored activities such as clubs, bands, orchestras, entertainment and publications.

Hillsborough School District has approximately 50 clubs and numerous teams, including National and Regional/All State programs. The high school has about 40 clubs ranging from a drama club to Model UN. The middle school has about eight clubs including jazz band, drama club and yearbook.

Hillsborough spent \$139,555 on co-curricular activities for 1998-99. This is approximately \$21 per student, which is 50% lower than the three-district average.

Hillsborough Township Board of Education Results of Operation for 1998/99 School Sponsored Co-Curricular Activities – Instruction						
	Hillsborough		Randolph Township	Scotch Plains-Fanwood	South Brunswick	Three District Average
		% TOTAL Operating Expense				
School Sponsored Co-Curricular Activities						
Salaries of Teachers	\$134,535	96%	\$235,790	\$161,955	\$139,469	\$179,071
Purchased Services	0	0%	51,070	0	0	17,023
Supplies and Materials	5,020	4%	0	24,939	33,656	19,532
Other Objects	0	0%	0	1,882	0	627
Total Co-Curricular Activities	\$139,555	100%	\$286,860	\$188,776	\$173,125	216,254
Total # of Students	6,516		4,883	4,300	6,612	5,265
Total Co-Curricular Cost Per Pupil	\$21.42		\$58.75	\$43.90	\$26.18	\$42.94
Source: 1998-99 Comprehensive Annual Financial Report (CAFR)						

Athletics

The athletic department has over 20 teams at the high school level, which have resulted in a number of County, Regional and State Championships.

According to Hillsborough's 1998-99 CAFR report, \$651,218 was expended for athletic activities. The overall athletic instruction cost per pupil of \$100 is slightly lower than the comparative school district average of \$106.

In 1998-99, 96% of the athletic program was expended for salaries, which include the athletic director, the athletic trainer and coaches' stipends. The district employs a full-time athletic director (AD), who is responsible for the coordination and administration of the district's athletic programs. The district also employs a full-time 10 month athletic trainer for the high school programs, who is paid in accordance with the teacher's guide. This individual does not teach any classes, but is required to attend all athletic practices, home events and home and away varsity football games.

The coaching and extra-curricular advisory staff is primarily comprised of teachers, who receive additional compensation as per the salary guide for this service. The district was not able to provide a breakdown of costs associated with the various activities.

The agreement between the Hillsborough Education Association and the board of education contained information on stipends paid to athletic coaches and co-curricular advisors. The

criteria used to determine the salary guide for athletic coaches are length of season, total hours with team, player/coach ratio, number of events, number of assistants and number of participants.

The district utilizes volunteer coaches to supplement the compensated coaching positions. This does not eliminate the need for paid coaches or assistants but affords an opportunity for the involvement of community members in school activities, and for students to benefit from the instruction and expertise of others. In addition, the Hillsborough Police Department provides police services for crowd and traffic control at certain high school athletic events and graduation. The hourly rate is \$28 for a total of \$18,372 or a total of 656 hours.

In examining the salary guide for co-curricular activities, the NJEA 1998-99 Salary Guide for non-athletic activities was utilized. Some activities fell within the average and others were above. There does not appear to be significant stipends, which are out of the average statewide range.

Hillsborough School District and Comparable School Districts Results of Operation for 1998/99 School Sponsored Athletics - Instruction						
	Hillsborough		Randolph Township	Scotch Plains- Fanwood	South Brunswick	Three District Average
		% Total Operating Expense				
School Sponsored Athletics - Instruction						
Salaries	\$450,728	69%	\$520,299	\$387,045	\$299,351	\$402,232
Purchased Services	56,292	9%	83,149	63,306	0	48,818
Supplies and Materials	144,198	22%	68,755	54,234	111,085	78,025
Other Objects	0	0%	39,709	11,796	0	17,168
Transfers to Cover Deficit (Agency Funds)	0	0%	0	0	36,000	12,000
Total School Sponsored Athletics-Inst.	\$651,218	100%	\$711,911	\$516,381	\$446,436	\$558,243
Total # of Students	6,516		4,883	4,300	6,612	5,265
Total Athletic Cost Per Pupil	\$99.94		\$145.79	\$120.09	\$67.52	\$106.03

Source: 1998-99 Comprehensive Annual Financial Report (CAFR)

According to the New Jersey Department of Education March, 1999, Comparative Spending Guide, Hillsborough ranked 52 out of 85 in a low to high statewide ranking of districts of similar type (K-12 with total enrollment greater than 3,500 students) for athletic and co-curricular spending for the past few years. Although most of a district's athletic and co-curricular spending occurs at the high school level, its cost per pupil and resultant ranking are calculated based upon the district's entire enrollment.

BUSINESS OFFICE

Surplus Funds

Surplus funds (i.e., unreserved, unallocated fund balances) are included in a district's budget in order to provide funds for emergencies or other items beyond the district's control. Sound financial controls are required to ensure that surplus funds are accurately estimated. Accurate estimates are important because overestimating surplus (i.e., having less than anticipated) can

lead to drastic cutbacks in expenditures in order to avoid deficit spending. On the other hand, underestimating surplus (i.e., having more than estimated) could mean that the district raised more taxes than necessary to fund operations. Surplus amounts are created by the interaction of revenues, expenses, and current year surplus.

The district's accurate estimate of surplus is a function of its success in establishing sound financial controls. These controls ensure the district:

- develops accurate surplus estimates;
- monitors accounts to determine that it achieves the revenue and expense estimates in the budget; and
- takes corrective action when significant deviation from these estimates occurs. For example, if actual expenses start to exceed estimated amounts, then expenses may be reduced to avoid deficits.

There are critical aspects of school district revenues, expenditures, and current year surplus that enable school districts to accurately estimate surplus. In terms of revenues, after any state aid issues are resolved, local officials know up to 94% of the amount of revenue the district will receive for the upcoming budget year. Over the past four years (starting in 1995-96) the percent of the Hillsborough's revenues that come from the local tax levy and from state aid have ranged from a low of 98.3% in three of the four years reviewed to a high of 98.5% in 1998-99. Over this time period the amount of revenue anticipated and actually received was exactly the same except for a \$343,081 net increase in 1998-99. The district's precise knowledge of the amount of revenue it will receive in the next budget year means that its major challenge is controlling expenses.

Approximately 65% of Hillsborough's expenses are for salaries. Except during contract renewal periods, the district knows salary amounts for all positions in the next budget year either through contracted labor agreements or particular position amounts. Therefore, the district can identify fairly precisely the salary amount needed. Moreover, these estimates are usually higher than that which is ultimately needed because of employee terminations, retirements, and resignations.

The non-salary portion of the budget, the remaining 35%, is somewhat more variable. However, many of these costs can be accurately predicted and accounted for if work is done through contracted service, purchase agreements with specific prices or ranges or if a capital reserve account is established to annually set aside funds to coincide with the expected life of major equipment, buses, or building repairs as authorized by statute (N.J.S.A. 18A:21-1 et. seq.). Some districts improperly use surplus to cover major equipment or building breakdowns that have not been properly funded in a capital reserve account.

In terms of the amount of surplus left over in the current year, annual budgets are resolved in March/April, when the district estimates anticipated surplus in the current and next school year. At that point the district has had nine months experience to estimate expenditures and revenues for the last three months of the year. These estimates should be quite accurate as three-quarters of the budget has been expended or committed.

The above information indicates that the district can accurately estimate current year surplus, revenues and expenses in the proposed budget year. The variable decision, however, is the amount of funds that should be left as surplus, i.e., unreserved, undesignated fund balance. This amount varies according to the number and extent of items in the budget where costs are variable. In education, some of the more variable items are special education costs, enrollment changes, transportation costs, costs related to facility improvements in older buildings that may not have been planned for, and any employee contract costs related to negotiations in progress. The amount of surplus to leave in a budget can range from under 2% to 6% of anticipated expenditures.

Surplus Analysis

Excluding 1995-96, the district has an outstanding record in terms of accurately estimating its surplus amounts; moreover, the estimated and actual surplus amounts are the lowest and most consistent the team has ever seen (see table below). In 1995-96, the district had the highest estimate, 4.9% but the actual amount was 2.2%. The average actual surplus for the four years is 2.2%. This indicates a prudent use of taxpayer dollars while providing a sufficient reserve for emergencies.

Surplus Estimates and Actual Surplus as a Percent of Total Expenditures		
School Year	Surplus Estimate as a Percent of Total Expenditures	Actual Surplus as a Percent of Total Expenditures
1998-99	3.7%	1.9%
1997-98	3.6%	2.4%
1996-97	2.7%	2.4%
1995-96	4.9%	2.2%
Average	3.7%	2.2%

Estimates of expenses and revenues also impact on these surplus amounts. In terms of expenditures, the district does an excellent job. The differences between the district's estimates and actual amounts are no more than 1.8% in the four year period reviewed (see table below). Normally, districts spend less than anticipated, which increases surplus.

Expense Estimates as a Percent of Original Estimate				
School Year	Estimated Expenses	Actual Expenses	Amount of Overestimate	Percent Overestimate of Original
1998-99	\$53,078,906	\$52,744,205 (*)	\$304,701	-0.6%
1997-98	\$50,016,567	\$49,135,470 (*)	\$881,097	-1.8%
1996-97	\$47,931,001	\$47,592,743 (*)	\$338,258	-0.7%
1995-96	\$45,579,378	\$44,882,944 (*)	\$696,434	-1.6%

(*) Excludes TPAF amounts to make comparisons more accurate.

In terms of revenues, the district's estimates are also outstanding. The difference between estimates and actual amounts is less than 1% for each of the four years reviewed.

Revenue Estimates as a Percent of Original Estimate

School Year	Estimated Revenues	Actual Revenues	Amount of Underestimate	Percent Underestimate of Original
1998-99	\$52,188,907	\$52,593,733	\$404,826	0.8%
1997-98	\$49,518,590	\$49,455,696 (*)	\$62,894	0.1%
1996-97	\$46,525,001	\$46,562,696 (*)	\$37,695	0.1%
1995-96	\$44,479,958	\$44,543,168 (*)	\$63,210	0.1%

(*) Excludes TPAF amounts to make comparisons more accurate.

It is clear from our analysis that the district does an outstanding job in managing its surplus funds.

The team commends the district for outstanding financial controls, which enable the accurate estimation of revenues, expenses and surplus amounts. Through these controls the district provides a prudent reserve and minimizes the tax burden on local citizens.

Cash Management

This section analyzes the district's management of cash balances. Specifically, a determination is made as to whether the district obtains competitive interest rates from banks and operates efficiently, e.g., by monitoring bank fees, maximizing interest earnings and combining or closing small accounts to reduce bank charges.

The analysis indicates that the district manages cash balances well and receives outstanding interest rates on these balances. The district receives good rates by obtaining competitive proposals from various banks for its business.

Background

The analysis of Hillsborough's cash balances is based on discussions with the business administrator who is directly responsible for managing the district's bank accounts. A detailed analysis of 12 monthly bank statements for the major bank accounts was completed to identify average daily balance, fees charged, interest paid, if any, and the interest rate. For smaller accounts a detailed analysis was completed only for selected months. All the data is for school year 1998-99.

The review team determined whether the district could obtain higher interest rates by comparing its bank's rates to the New Jersey Cash Management Fund (NJCMF) and to the 90-day US Treasury CD rate. Unlike banks, these funds do not provide banking services and they are not required, as banks are, to keep 10% of their balances on hand. These funds therefore, earn interest on the total balance. The following adjustments were made in order to make a fair comparison between the rates paid by these funds and bank rates. First, that portion of the bank account balance that was used to pay for fees was excluded from the analysis. Second, the remaining balance was reduced by another 10% to account for the bank's reserve requirement.

In cases where no interest amount was earned, different adjustments were required. In these cases, banks did not charge fees and hence there was no offsetting balance, and the 10% reserve

requirement was not taken. In order to compare the interest rates on these accounts, fees were estimated based on our experience with banks statewide and the remaining balance was reduced by 10% to account for a reserve requirement.

Analysis

In the 1998-99 school year, the district's bank balances totaled \$12.2 million. The district maintains accounts in two banks, while one serves as its main bank. LGBR supports the idea of using two banks because this helps to foster ongoing competition and dealing with more than one bank helps to keep the district quickly informed of new developments and products in the banking world.

About every three years the district obtains competition by receiving proposals from the banks in the area. The district is in the second year and plans to receive proposals for the next school year.

Normally, the district maintains approximately 70% of its balances in the main bank in 15 separate accounts that are grouped together. This grouping enables the district to receive a higher and a more uniform interest rate than it would otherwise receive. In the year reviewed the district had only 37% of its balances in the main bank because an additional \$5.8 million was temporarily maintained in the alternative bank. This money represents bond proceeds resulting from a referendum. These funds have nearly been depleted in the current year.

In 1998-99, the district maintained an average daily balance of \$4.5 million in the main bank and received \$195,000 in interest. The bank receives payment for fees by adjusting the interest rate paid. After adjusting for bank fees and the reserve requirement, the review team found that the district earned 5.7% interest on these grouped accounts. Our comparison of this interest rate to the 5.0% average NJCMF rate indicates that the district receives the highest rate ever observed by the review team. This is especially significant because the district has numerous relatively small accounts that usually earn no interest.

The business administrator attributes these rates to the district's obtaining competition from banks in the area. These rates have continued into the current year.

The review team commends the district for doing an outstanding job in managing cash balances and receiving an outstanding interest rate on these balances from its main bank.

In 1998-99, the district maintained an average daily balance of \$7.6 million in the alternative bank. A three-quarter balance was the temporary "parking" of bond funds. The district normally maintains about \$1.8 million in this bank. These funds are distributed across four accounts related to payroll, including unemployment, payroll agency (for payment of pension contributions), summer payment plan (an option for 10-month employees to receive paychecks over 12 months), and the salary account. By agreement the interest earned on the summer payment plan account goes to a scholarship fund.

The district earned \$311,220 on its balances from the alternative bank. Although the interest earned on the bond funds must stay within that fund and the interest earned on the summer

payment plan goes to a scholarship fund, the district received an excellent rate. After adjusting for fees, the review team estimates the rate is 5.3%. While this is slightly below the 5.7% earned from the main bank, it is one of the highest rates observed by the review team.

The review team commends the district for obtaining competition for its banking business. This competition led to the district receiving outstanding interest rates on cash balances. The district's efforts, along with the banks', help to ensure that Hillsborough taxpayers obtain effective and efficient service for their tax dollars.

Purchasing

In 1998-99, only about \$11.6 million or 20.6% of the district's \$56.5 million in general fund expenditures are for purchased items. The majority of the district's expenditures are for salaries (\$35.5 million), health benefits (\$4.6 million), and pension, social security and other employee benefits (\$4.7 million). The district spent the \$11.6 million to purchase textbooks, supplies, equipment, contracted services, heat and electricity and other such items. These types of purchases are the focus of this section.

The team began its analysis by reviewing the district's purchasing procedures. The district has the most thorough, clear and comprehensive purchasing procedures ever seen by the team. The procedures address every aspect of the purchasing process including:

- Advertising, specification, and bid opening procedures when bids are required. (They also note not to use back orders to avoid the bidding process.)
- The number of vendors, and the forms that must be completed when quotations are required.
- Specification of requisition and purchase order processing and approval requirements including the forms required.
- Emergency purchasing procedures including the point that they are not to be used as a result of poor planning or delay in addressing an issue.
- Conflict of interest issues such as receiving gifts from companies, etc.

The team commends local school officials on the excellent purchasing procedures, which provide district personnel with clear direction to ensure the efficiency and integrity of the purchasing process.

The district processes roughly 5,000 purchase orders per year using an automated purchasing process. Each school completes requisitions, approves them on-line and sends them electronically to the business office for additional review and approval. The purchasing system is linked to the accounting and budgeting system so that each school can identify on-line how much it has spent in selected areas and the available balance.

The district's general purchasing process operates in the following manner. Preparation for the next budget year begins at the end of September. The district gives each school and the major functional areas such as transportation an estimate of the amount of resources it will receive for areas such as instructional and administrative materials, equipment, and telephone. These amounts are based on the estimated funds available for the next year and/or the anticipated student population. Around November each budget is reviewed, bulk orders are identified and if

necessary the principal's or supervisor's input is requested. Around January the school board finance committee reviews the budget. In February, the budget public hearing is held and by the end of March the budget is adopted. Around April the district generates orders or solicits bids to purchase needed items. By June, the school supplies are delivered to each school and are boxed for each teacher. The proper forms are completed to document that orders are received and the vendors are then paid.

Part of the district's purchasing process operates in a decentralized fashion. After each school's and functional entity's allocation is determined, they are responsible for staying within the budget allotment for items such as teaching supplies, telephone, copier and paper costs. This decentralization extends to purchasing copiers. Each school purchases the number and type of copiers perceived to be needed. (The purchasing, use, and the relatively high cost of copiers in Hillsborough are discussed fully in the photocopier section of this report).

The team acknowledges that some benefits result from decentralized purchasing. For example, each school obtains items to meet precise needs. And, giving each school responsibility for individual budget allocations encourages businesslike operation. However, the team believes that decisions for spending major resources for photocopying should be made in a centralized fashion through the business office. The business office, with input from each school and functional entity, can analyze needs, determine the best way to meet those needs (e.g., purchase, lease, use state contract), coordinate the effort and possibly obtain better pricing by purchasing in bulk.

Recommendation:

The district should purchase photocopying centrally. With appropriate input from school principals, the business office should decide the district's needs for photocopying and the most cost-effective way to meet those needs.

The district uses various purchasing methods to ensure that the district obtains a good value for the purchasing dollar. Depending on the item to be purchased the district uses state contracts and obtains bids or quotations.

The district uses many state contracts including the following areas:

Janitorial supplies	Computers and computer supplies
Paper	Copier supplies
Gasoline	Diesel fuel
Office supplies	School furniture

The district obtains bids or quotations for items that are not available under state contract, or when school officials believe a better value can be obtained. Some examples of the items purchased through the bidding process are a school bus or van, a maintenance department utility van with shelves, a riding mower and various renovation projects, including an art room, a

bathroom and a minor roof replacement. Some examples of items purchased through the quotation process are electrical upgrades for technology, cafeteria tables and a machine that rakes baseball fields.

Generally, the district's purchasing function is well-managed with excellent procedures and a modern, automated system. However, except for cooperative purchases of natural gas and electricity, the district does not utilize cooperative purchasing agreements with other governmental agencies to reduce purchasing costs. The district would save money by purchasing cooperatively with other school districts. For example, the district uses state contract vendors to purchase paper and school supplies. A comparison of state contract prices for 8½" by 11" white paper with the prices from a large school district cooperative (includes about 200 school districts) indicates that the district paid \$5.14 or 30% more per carton than was available from the cooperative. An analysis of purchase orders indicated that the district purchased 1,625 cartons of this paper in 1998-99. The district would have saved about \$8,350 by purchasing this paper cooperatively.

A further comparison of state contract prices for typical school supplies with prices from the cooperative program indicates that the cooperative's costs are on average 26.8% lower. The cooperative charges a fee to participate (approximately 5.5% of the price) but the savings far outweigh the fee. For example, the Hillsborough School District spent \$703,850 on school supplies in 1998-99. Purchasing these items at 26.8% less cost would have resulted in a total cost of approximately \$515,218. Adding the fee (\$28,337) to this amount would increase costs to \$543,555. This is \$160,295 less than the amount the district paid.

Recommendation:

The district should consider expanding its cooperative purchasing effort under relevant provisions of the Public School Contracts Law by joining with other school districts. A comparison of cost differences on school supplies indicates that the district could reduce costs by \$160,295 per year. The district may achieve additional savings from purchasing other available items.

Cost Savings: \$160,295

Fixed Assets

The district has addressed the issue of fixed asset control and inventory. The recent conversion to Generally Accepted Accounting Principles (GAAP) for New Jersey school districts mandated that each district set up a General Fixed Asset Group of accounts and provide an inventory method to quantify the historical costs of fixed assets for the district.

Hillsborough maintains a list of assets and updates it based on the district's additions and deletions to its fixed asset inventory. The updated list is used to generate reports on the district's financial condition.

The district has a policy for disposal of unused or broken school equipment and supplies. Each year the district disposes of a few items of unused or broken school equipment.

The district has not had an appraisal of its fixed assets in seven years. It is currently planning to obtain proposals to have this work completed.

Inventory Control

The inventory control system in Hillsborough is generally operated centrally in terms of ordering, but decentralized in terms of storage and monitoring usage. Each principal determines the amount of supplies needed and the business office combines all requests and purchases the main supplies in bulk once per year. When the supplies are received, they are stored at each school and the business office. Each principal and supervisor is responsible for distribution and monitoring of supply usage throughout the year and submits purchase orders on an “as needed” basis if additional items are required.

Annual Audit

The review team reviewed whether the district receives competitive proposals to complete that annual audit and whether it corrects any deficiencies found in these audits.

The team found that the district receives competitive proposals every three years and the audit costs \$19,000.

The team reviewed four years of audit reports and found that the district does an excellent job in implementing recommended improvements and maintaining proper accounting controls. In each of the four years no deficiencies were identified that had not been corrected. This is the first time the review team has reviewed four years of audits and found this situation.

The team commends the district for maintaining proper financial controls and quickly implementing any needed improvements.

Workers’ Compensation Insurance

The district spends roughly \$200,000 per year on workers’ compensation insurance coverage. The cost of workers’ compensation insurance is based on various factors including the number of workers’ compensation claims per employee. This is called the experience modification factor. The insurance industry rates the district at .744 which is better than average.

This better than average rating is reflected in the lower cost of Hillsborough’s workers’ compensation insurance. Hillsborough’s cost per employee is \$259. This is \$140 or 35.1% below the \$399 average cost per employee of the comparison districts (see table below). If Hillsborough’s workers’ compensation cost were the same as the average of the three comparison districts, it would be \$108,640 higher.

District	Hillsborough	South Brunswick	Scotch Plains/ Fanwood	Randolph Township	Three District Average
County	Somerset	Middlesex	Union	Morris	
# Cert. Employees	620	672	402	430	501
# Non-cert. Employees	156	403	248	196	283
# Total Employees*	776	1,075	650	626	784
Workers Compensation	\$200,768	\$439,755	\$293,335	\$210,092	\$314,394
Cost Per Employee	\$259	\$409	\$451	\$336	\$ 399

*The number of employees was obtained from the CAFR and is not audited.

The district does a number of things to keep its workers' compensation costs low. For example, the district has a lower proportion of non-certified staff than the comparison districts. Non-certified staff tends to have significantly more workers' compensation claims than certified staff and hence increase the cost of this insurance. Hillsborough's proportion of non-certified staff is 20.1% compared to an average of 35.7% for the three comparison districts. Historically, the district has understaffed areas where non-certified staff work (detailed information is available in the janitorial, maintenance, and transportation sections of this report).

Another factor that reduces workers' compensation costs is that the district has an active safety committee. The business administrator chairs the committee and it meets quarterly. It reviews the causes of accidents, identifies ways to prevent them and identifies safety-training needs. For example, the custodial and maintenance staffs (where the highest proportion of employees is injured) receive safety training each year.

A third factor that results in lower workers' compensation costs is the fact that the district initiates competition for its workers' compensation business every year. The broker receives comparison costs from providers and searches for the best value.

Other factors that help to lower costs include the fact that employees who are injured must see a doctor selected by the district. The district also has a process of utilization review where the doctor is monitored to ensure that employees receive the proper treatment and return to work as quickly and safely as possible.

LGBR commends the district for saving the taxpayers roughly \$100,000 in the costs of workers' compensation insurance. This resulted from various factors including obtaining competition for this insurance business and maintaining an effective safety committee that monitors accidents, implements appropriate safety training and manages claims.

Property and Casualty Insurance

The district pays approximately \$60,000 per year in insurance premiums for its property, casualty and miscellaneous insurance. The district works to keep the cost of this insurance low by receiving competitive proposals each year. They also receive proposals for broker services every three years.

The review team compared the district's cost, coverage limitations, and deductible amounts with the comparison districts for the 1998-99 and 1997-98 school years. We found the district's costs to be comparable although its automobile deductible amounts were slightly lower than the comparable districts. Increasing the automobile deductible amounts should lower premium costs slightly.

Recommendation:

The district should continue to receive competitive proposals to reduce the costs of property, casualty, and miscellaneous insurance. Increasing deductible amounts on automobile insurance may decrease premiums slightly. In awarding insurance contracts,

the district should ensure compliance with the relevant provisions of the Public School Contracts Law, N.J.S.A. 18A:18A-1 et. seq., as amended by P. L. 1999, c. 440 (effective April 17, 2000).

Grants and Funded Programs

In 1998-99, the district received \$834,777 in federal grant funds, \$320,852 in state funds and \$11,590 from other sources for a total of \$1,167,219. Except for \$1,092, the grants were non-competitive in nature.

In discussions with district personnel, it was noted that the supervisors of curriculum are primarily responsible for writing of individual grants. Upon award of the grant, the business administrator receives the check, sets up an account and at year-end verifies that the funds have been spent.

The district has previously sought and advertised for a part-time grant writer. The position was not filled due to salary and experience requirements.

Recommendation:

The review team recognizes that it is desirable to seek and apply for available competitive grants from governmental and private sources to enhance both the educational and community environment of Hillsborough. It should be noted that at the time of the review, both the school district and the township were in need of a grant writer.

Both entities should consider merging their requirements for the position of grant writer and creating a position to be at least partially funded through award of merit stipends. For competitive grants, the grant writer could be entitled to up to 10% of the grant amount as an incentive. Incidentally, some districts in New Jersey have been successful in securing grants by awarding such incentives to local administrative and supervisory staff to write and/or administer competitive grants.

The creation of shared services for a grant writer may qualify the school district for the Regional Efficiency Aid Program (REAP), P.L. 199, C. 61. This program impacted the August, 2000 local property bills of eligible local units, including schools. The program recognizes local official leadership in providing services through successful shared service arrangements, entered into after July 1, 1997, by reducing property taxes of local residents in the form of a tax credit on the tax bill. More information about the REAP program can be obtained at the REDI/REAP website at www.state.nj.us/redi or by calling the DOE REDI/REAP number at 609-633-2454.

FACILITIES & OPERATIONS

Hillsborough is a growing district that includes a high school, middle school, and seven elementary schools including the Auten Road School, which opened in September of 1999. In addition, the district owns a small, older building that accommodated two kindergarten classes

and the transportation and maintenance offices during the 1998-99 school year. With the completion of the new elementary school in September of 1999, the kindergarten classes were returned to the Hillsborough Elementary School. A garage facility that is used for maintenance and storage of vehicles and equipment is located on the property with the transportation and maintenance building.

The administrative offices of the district are housed in the Hillsborough Township Municipal complex.

The following is a chart of buildings with the corresponding capacity, square footage and acreage:

School	Capacity*	Square Footage	Acreage
High School	2,100	302,000	60
Middle School	1,550	176,000	24
Auten Road	700	67,500	52
Amsterdam	584	58,000	35
Hillsborough Elem.	659	68,000	18
Triangle Elementary	559	51,000	24
Sunnymead	509	58,000	14
Woods Road	584	58,000	23
Woodfern	509	51,000	22
Other	N/A	27,500	N/A

*These figures are taken from the 1995-2000 Long Range Facility Plan. Capacity and square footage for the high school includes the 1999 addition.

Athletic fields are widely distributed throughout the district and are described in a separate section of this review under facility usage.

Management of maintenance, grounds and custodial operations is contracted to a vendor through an original bid in 1995 with a contract term of three years. The contract and bid specifications allowed for the negotiation of increases for an additional two years. The current contract and its allowable renewals expire at the end of the 1999-00 school year.

The vendor's management services include providing computer based maintenance management programs. The areas of service identified in the school district's 1995-2000 Long Range Facility Plan include a preventive maintenance program, casualty control and prevention, corrective maintenance, and minor construction projects. A director of environmental services and a manager of custodial services provide supervision on site. The contract amount includes the cost of providing custodial cleaning supplies and equipment by the vendor.

The observed condition of the grounds and athletic fields was excellent. Vendors contracted under the recent referendum to install fields and lawns at Auten Road and the high school failed to adequately perform, and the grounds staff did an exceptional job of completing the work in time for schools to open in September of 1999.

Cleanliness within the school buildings was found to be inadequate and numerous safety issues, such as open janitor's closets and unattended cleaning equipment in halls, were noted in each building. In addition, many of the buildings appeared to have roof and sprinkler system leaks that were not being addressed. As mentioned in a previous section, the Amsterdam School has suffered continuous and extensive roof problems since originally constructed 10 years ago.

The district currently employs a working maintenance foreman, 52.5 custodians, 16 maintenance and grounds staff, and a maintenance secretary. When construction is completed at the high school, three additional custodial positions are planned for the high school.

The maintenance department is comprised of two general maintenance workers, two electricians, a plumber, two HVAC mechanics, two locksmith/general maintenance workers, a painter and six grounds/maintenance personnel. There is also a working maintenance foreman whose job it is to coordinate and schedule assigned work orders and projects. With the exception of the vendor supervisors providing management, all of the maintenance and custodial personnel are district employees. A maintenance secretary, also employed by the district, handles all correspondence, purchase orders and the majority of the data input for work orders.

Maintenance personnel are divided into two shifts, allowing for the after-hours completion of projects and work orders that might be disruptive or distracting for the staff and students. The painter, an electrician, locksmith, HVAC technician and a general maintenance person are assigned to the 3 p.m. to 11 p.m. shift. The remainder of the staff works the 7 a.m. to 3 p.m. shift.

Work orders are divided into three groups, preventive, corrective and construction projects. A computer program tracks each of these groups from inception to completion along with all of the costs associated with the work order. Summaries are prepared on a monthly and annual basis which include the work order information, overtime analysis for maintenance and custodial staff, personnel correspondence, discipline and incident reports, along with reports on construction projects. These summaries are submitted to the business administrator at formal meetings, which include the vendor's district manager. An analysis of these work orders over the 1998-99 school year provided an outline of a department which completes 90% of all requested work, and 90% of corrective and PM (preventive maintenance) work orders yearly.

The custodial staff performs day to day maintenance in the buildings, such as unclogging sinks, replacing lights, etc. Custodians also share the responsibility for the upkeep of the grounds, being responsible for the area within 30 feet of the building. Snow removal is also a combined effort of the two groups.

Construction projects to be performed in-house are determined at the beginning of the budgeting process each year and monies are assigned within the line item accounts for the projects. The availability of work order histories that include costs of labor afford an accurate comparison to outsourcing this work. The district has attempted to stick to their five-year plan, completing the majority of the work established in 1995.

The vendor also maintains a complete database of district equipment and building components, which includes manufacturer, date of installation, standard PM, and life expectancy. The latter is invaluable in projecting expenses and preparing the five-year plan. The information is readily available through both the vendor and the computers in the maintenance office in Hillsborough.

Cost of Operations

The review process for identifying potential cost savings within the school district includes the following:

1. Perform a square footage analysis for the district and compare the cost per square foot against regional benchmarks and other school districts reviewed by Local Government Budget Review teams. (For regional benchmarking, the review team utilizes the *American School and University [ASU]*, a national publication for facilities, purchasing and business administration. The *ASU* performs annual maintenance and operations surveys of school districts around the country. It provides reports on the cost to operate schools [including payroll, outside contract labor, gas, electricity, heating fuel, equipment and supplies, etc.] on a regional level. Region 2 includes New York and New Jersey).
2. Identify and analyze budget lines and accounts that appear to be high in relationship to regional benchmarks and/or other districts.
3. Provide areas for cost savings based upon “best practices” (programs and/or efficiencies identified in other school districts or municipalities that may be applicable in Hillsborough).

The following table summarizes the Hillsborough Township School District’s cleaning, maintenance, grounds and utility costs per square foot for the 1998-99 school year:

CATEGORY	EXPENSE (\$)	EXPENSE (\$ SF)	EXPENSE (\$ SF)
	HILLSBOROUGH	HILLSBOROUGH	OCT 99 ASU
CLEANING			
Salaries	\$1,144,511	\$1.55	\$1.70
Contracts		-	-
Subtotal - Cleaning	\$1,144,511	\$1.55	\$1.70
MAINTENANCE			
Salaries	\$649,557	\$0.88	\$0.41
Supplies	\$87,404	\$0.12	\$0.20
Contracts	\$506,263	\$0.68	\$0.38
Subtotal – Maintenance	\$1,243,224	\$1.68	\$0.99
Total Cleaning and Maintenance	\$2,387,735	\$3.23	\$2.69
GROUNDS			
Salaries	\$172,832	\$0.23	\$0.21
Supplies	\$34,358	\$0.05	\$0.09
Subtotal- Grounds	\$207,190	\$0.28	\$0.30
UTILITIES			
Natural Gas	\$65,808	\$0.09	\$0.31
Electric	\$926,526	\$1.25	\$0.68
Water/Sewer	\$161,365	\$0.22	\$0.23
Other Fuel			\$0.24
Subtotal- Utilities	\$1,153,699	\$1.56	\$1.46
Total Grounds/Utilities	\$1,360,889	\$1.84	\$1.76
TOTAL Maintenance and Operations	\$3,748,624	\$5.07	\$4.45
INSURANCE	\$60,000	\$0.08	\$0.11
GRAND TOTAL	\$3,808,624	\$5.15	\$4.56

Source of district data: 1998-99 Comprehensive Annual Financial Report (CAFR)

The square foot total utilized was 739,500, which represents the district prior to Auten Road School and the addition to the high school.

Based on the information obtained from the above table, the review team investigated those costs that were higher than the ASU survey results.

Energy

Under Utilities, district expenditures for natural gas were well below the average and water and sewer costs less by one cent per square foot. Electricity costs, however, were 57 cents higher than the average for the 1998-99 school year.

School districts undergoing major construction experience an increase in electrical costs due to the utilization of existing electrical supplies by contractors. Repayment of these costs is generally realized after the completion of the project through either change orders, reduction of outstanding payments to the contractor, or as revenue. It is the opinion of the review team that the higher than average electricity costs are at least partially reflections of the construction within the district.

Maintenance

Maintenance salary and contract costs for Hillsborough are almost twice that of the survey average for the region. While initially alarming, the fact is that the district was in the midst of several large construction projects at this time, and money was expended on engineering and architectural fees under “contract” costs. In addition, the costs of outside contractor fees are included for smaller projects in conjunction with the referendum work, such as the site work required at several locations.

As there are no plans to add maintenance staff at the completion of the construction projects, an analysis of the 1999-00 budget numbers, divided by the new square foot number, produces a square foot cost for overall maintenance and operations that is within one cent of the ASU recommendations.

The higher than average salary costs are indicative of the trades within the department and the number of projects which were performed in-house during the 1998-99 school year. There were numerous temporary renovations necessary to accommodate the “change of use” issues during this transition year. As the building additions and new school construction projects were one year from completion, student needs and increasing enrollment required that storage and work areas in many of the schools be converted to educational space. In-house maintenance personnel performed the majority of this type of construction work.

It is the opinion of LGBR that although appearing higher than average in this particular survey, Hillsborough’s overall expenses, including capital line items, is equal to or lower than comparable districts.

Custodial

Cleanliness of school facilities, as much as efficiency, is an important benchmark when reviewing maintenance and custodial activities. Indoor air quality and general health issues can become district-wide problems when unsanitary conditions exist in a building. In several of the schools in Hillsborough evidence was found of rusty pipes and wet walls in bathrooms, dirty sinks and toilets, mold on ceiling tiles, and rust and dust on univents.

In addition, hazardous conditions such as open janitor’s closets and boiler rooms, unattended and unlabeled cleaning supplies, ladders and boxes in halls, and boiler rooms utilized as storage rooms were the norm. Only the Sunnymeade Elementary School was both acceptably clean and relatively safe.

Supervision of the custodial staff is primarily the responsibility of the principals in each school. During interviews with the maintenance and custodial managers employed by the vendor, and reading through the monthly summaries, the cleanliness and safety issues in the schools are recognized as problematic. Safety inspections are held on a regular basis, and written instructions are given to the custodians in the buildings for clean up and correction of safety violations. A copy is given to the building principal for follow-up. However, the poor conditions persist. Emergency exits are blocked periodically and proper cleaning procedures are ignored. In addition, due to the lack of storage in the district, alternate areas are utilized for this purpose, including those that create hazards, such as the boiler rooms and hallways.

The current team of managers has been in Hillsborough for a little over a year. During that time, 10 custodians have been removed from their positions due to negligence and other violations. The process to affect any disciplines is lengthy and costly for the district. The two managers and the district business administrator expend numerous man-hours for each action.

A factor that contributes to the discipline issues is the evaluation process for custodians. The Hillsborough Educational Association represents all maintenance and custodial staff in the district. The director of environmental services evaluates maintenance personnel. Custodial staff are evaluated by the lead custodian in each building, in consort with the school principal. Employees in the same association should not be required to evaluate one another. It also creates problems for a supervisor when they don't have evaluation control over the employees that they supervise.

Several of the custodians in the schools have tenure, which was allowed under a previous negotiated agreement. This practice has been discontinued, but those qualifying under the previous contract retained their tenure under a grandfather clause.

Recommendation:

LGBR recommends that supervision and evaluation of the custodial staff be shared jointly by the building principal and the director of custodial services. The lead custodian should certainly be a source for the evaluation but should not have the primary responsibility.

Custodial Staffing

An additional part of the review process identifies custodial staffing needs utilizing an objective, quantitative, multi-step process based upon the size and use of the facility. The process entails:

- Review any existing district work and time standards for the various cleaning tasks within the school facility.
- Review the custodial labor contracts to determine the number of man-hours within a negotiated workday and then reduce the workday by an off-task time allowance factor of 25%. Off-task time is defined as scheduled work breaks, interruptions, emergencies, etc.
- Obtain floor plans of the facilities and insert task data into the following matrix adopted from "*The Custodial Staffing Guidelines for Educational Facilities*" published by the Association of Higher Education Facilities Officers and "*Good School Maintenance*" published by the Illinois Association of School Boards to determine the total cleaning time for each facility.

TYPICAL SCHOOL AREAS	AVERAGE SIZE SQ. FT.*	CLEANING TIME IN MINUTES
Cafeteria	10,000	150
Classrooms	1,200	15
Corridors	1,000	5
Entrances	112	5
Gymnasiums	10,000	45
Laboratories	324	20
Libraries/Music Rooms	15,000	30
Locker Rooms	1,960	25
Offices	1,200	8
Offices With Carpet	1,200	12
Restrooms	150	20
Shops/Art/Home Economics	1,200	30
Stairways	PER FLIGHT	8
Teachers' Lounges/Cafe	1,200	20
Auditorium	10,000	150
Multipurpose/Gym/Cafe	10,000	210
Multipurpose	2,400	40

*Note: The average standard can be adjusted to reflect actual sq. ft. proportional to the standard sq. ft. for an activity.

- Divide this total of minutes by the total man-hour minutes available (after adjusting by the off-task time factor). The result is the headcount needed to clean the facility.
- Compare actual and computed employee counts to determine if any staffing adjustments can be recommended.

The review team completed the above analysis for the Hillsborough Township School District to determine the staffing required to perform night cleaning and to establish daytime requirements for basic (statutory) boiler maintenance and porter services.

With a budgeted custodial staff of 55.5 for 910,050 square feet of cleaning space, the analysis shows that an increase of at least 15 cleaners is necessary to bring the coverage up to the average utilized in this study. The LGBR team does not recommend an increase to this level.

Hillsborough is experiencing difficulty in recruiting adequate personnel for custodial positions. The district's requirement that all custodians hired have a current Black Seal License could be a major reason for this problem. While the team recognizes the necessity of maintaining a safe environment for the students and others utilizing the facilities, it is unnecessary for all personnel to be boiler operators.

Recommendation:

The district should consider revisiting the issue of Black Seal licensing as a requirement for hiring of custodial personnel.

Given the problems outlined in this review concerning the custodial staff, and in consideration of the condition of the buildings, it would appear that privatization should be closely examined by the district.

Privatizing these services, with a workforce of 55.5, is estimated to have a cost of \$1,380,000. The total costs for district custodial personnel for the 1999-00 school year is \$1,717,000. The specifications for outsourcing should include flex scheduling, which would provide coverage for some of the buildings on Saturdays and Sundays by assigning shifts of Tuesday through Saturday, and Sunday through Thursday thus savings overtime expenses.

Recommendation:

The review team recommends that the district examine the possibility of outsourcing all custodial functions. Since management functions within the maintenance and operations department have been privatized for the past 11 years, the move to additional privatization should be smoother than in a district without this advantage.

In considering privatization, the district must conform with Article 19-Subcontracting in the collective bargaining agreement with existing school employees, which requires the provision of notice to, and discussions with, said employees' collective bargaining representative.

In considering privatization, the district should also review its collective bargaining agreement with existing school employees to ascertain if there are any relevant provisions therein regarding this subject, i.e., a provision requiring the provision of notice to, or discussion with, said employees' collective bargaining representative.

Based on numbers solicited through a variety of sources, including companies who provide the service, a manageable work force can be realized for approximately the same dollars currently expended in this area. The benefit would be in the management area, whereby the workforce would report to the vendor, with all evaluations and supervision under the control of the outside company. Principals would still maintain supervisory control during the school day, as specified by statute.

The district should include in any specifications for privatization of custodial services, a flex shift arrangement whereby all schools have coverage on Saturdays, and the high school and middle school have coverage both Saturday and Sunday. This will save approximately 80% of the current overtime costs necessary to cover the weekly school check, and activity usage.

Potential Cost Savings: \$91,200

Based upon staffing levels of 55.5, savings in direct personnel costs versus the estimated cost of privatizing can be realized.

Cost Savings: \$337,000

TRANSPORTATION

Overview

Pupil transportation is governed by statute N.J.S.A. 18A:39-1 through 25. Elementary school pupils who live more than two miles from their public school or secondary school pupils who live more than two and a half miles from their public school are entitled to transportation to and from school. In addition, students attending a remote school other than a public school, operated not for profit, located not more than 20 miles from the pupil's residence, shall be provided transportation within the requirements in the New Jersey Administrative Code, Title 6:21-2.1 through 2.7. These requirements include restricting the cost of non-public transportation to a stated yearly amount per pupil (1997-98, \$675/1998-99, \$702/1999-00, \$707), not to be exceeded in route costs. If transportation can not be provided for this amount or less, parents are to be reimbursed for the stated amount.

Hillsborough Township is located in Somerset County between Hunterdon and Middlesex Counties, and the business areas of Somerville, Manville and Bound Brook. Due to its geographical location, the highways and local roads are arteries for vehicular traffic to these areas creating dangerous roadways for both school buses and pedestrians.

Development in Hillsborough has been concentrated in the eastern portion of the township, with the western section remaining rural. Proposed Greenways, Farmland Preservation and Dedicated Open Space areas, in combination with working farms make up the majority of the properties in the western section. Single family housing units are widely spaced.

Only one school building exists in the western area of the township, the Woodfern Elementary School, whose attendance area is the largest of the seven elementary schools in the district. Bus runs are, by necessity, long and hazardous, often requiring the use of 16 passenger vehicles to navigate the narrow roads. Students living in this area who attend the high school and middle school ride some of the longer runs by virtue of the geography.

The remaining schools have either been constructed in areas of concentrated development, or development has been an outgrowth of the school location. This pattern provides the school district with the opportunity to utilize the "neighborhood school" approach to pupil transportation. With a "neighborhood" school in a well-planned community, children can walk along sidewalks specifically designed for student pedestrians, thereby eliminating the need for "courtesy" buses.

Courtesy busing is defined as transportation of students who reside two miles or less from the school for elementary grades, and two and one half miles or less for the secondary grades. Under state guidelines, this transportation, if provided, is unaided.

Transportation To and From School

Regular to and from transportation for Hillsborough's nine public schools is contracted with two private vendors. In addition, the district utilizes its small district staff to drive vehicles for

hazardous and special needs runs. A total of 6,402 public school and special needs students were transported to district schools during the 1998-99 school year on 165 bus runs. Of these, 144 are contracted.

Due to redistricting and increasing enrollment, many of the bus routes have been re-bid on a yearly basis. The bid specifications utilized are well-written and contain well-defined requirements for bidders and successful vendors. Formal bids are also solicited for field trips and athletic work at the same time as routes are bid. The district does not solicit bulk bids for work other than extra-curricular. A bulk bid would require one vendor to bid on all of the work as a whole. A lack of competition in the area has meant that some routes receive no bids, and overall route costs are 5 to 10% higher than comparable districts in other areas.

An efficiency model for pupil transportation includes many facets, however, none is as important as the strategic “tiering” of runs. When runs are combined or tiered, each vehicle is assigned to a group of runs, thereby, utilizing the vehicle for as many hours during the day as possible. The basic principal is easily understood:

Yearly vehicle costs, i.e., lease or amortized cost, repair parts and labor, and insurance expenses are stable, regardless of how many trips the vehicle is assigned to take during the year (excluding fuel, driver salaries, benefits, etc.).

When these operational costs are applied to Vehicle A for Year 1 at \$15,000 and that vehicle is assigned to only an elementary school run throughout the year, then the operational costs for that run would be \$15,000. The same vehicle assigned to a high school, middle school and an elementary school run in the a.m. and p.m. produces a per run cost of \$5,000 or \$15,000 divided by three.

Efficient tiering of bus routes in Hillsborough has been complicated by both the geographic nature of the township and by tight bell schedules. With a total area of 54.7 square miles intersected by highways with dense traffic in the eastern portion of the township, and rural roads with increasing traffic in the west, minimizing the length of runs becomes paramount.

The 1998-99 school year bids and renewals contained 20 triple-tiered packages, 43 doubles and 24 single routes. The triple packages in general contained a high school and/or middle school run combined with either one or two elementary school runs. Combining elementary runs was possible in Hillsborough due to a bell schedule that staggered times at three of the seven schools. However, four separate bell schedules do not provide sufficient time between openings and closings for additional tiering.

Efforts to increase the number of tiered runs, i.e., dropping the high school students at 7:20 a.m. for a 7:45 a.m. start of school, have been met with parental complaints concerning the early arrival of students at the school. This practice, however, has allowed the district to add an additional tier to runs that then service developments with dense populations of elementary students. The elementary students are then dropped early to allow for a middle school run to be added to the tier.

The Hillsborough Township school officials are currently examining a change in the school day for the seven elementary schools, which would add 20 minutes to the student day. Any alteration of the present arrival and dismissal times will impact both the number of buses necessary for transportation, and the transportation dollars spent.

District Operations

The district transportation department consists of a supervisor, an assistant, seven bus drivers, a mechanic and 13 school vehicles. Services for pupil transportation are provided by contract with two vendors, the use of two Educational Services Commissions, several joint transportation agreements with other school districts and district staff and equipment.

The hourly rate for bus drivers in the Hillsborough district for the 1998-99 school year ranged from \$16.86 on Step 1 of the negotiated agreement to \$20.42 on Step 10. Driver hours are determined at the beginning of each year based on district need, number of runs assigned and actual hours worked. If adjustments are required, this is done formally in January.

Bus drivers and mechanics receive health benefits and terminal leave pay for sick time after 15 years of service, and 12-month mechanics receive 15 paid holidays per year.

The transportation, maintenance and repair facilities are housed in a currently unused school building adjacent to the Hillsborough Elementary School. During the 1998-99 school year, this facility housed two kindergarten classes.

The building is in deplorable condition, with a unisex bathroom facility on the first floor being shared by three female members of the staff and various maintenance personnel. The basement bathroom is filthy, and is used by the bus drivers. Records are being stored in boxes on the floor and ventilation is a problem.

The district is to be commended for maintaining staffing in the transportation office at a lower than average level. Additionally, the district is to be commended for the excellent use of district drivers. Routes are arranged in efficient tiers and driver time is utilized in a cost-effective manner. The contracted hourly driver rates are high, but taking into consideration the lack of trained bus drivers in the state, the team would not recommend any changes.

Special Education Transportation

Special education students in the Hillsborough School District are transported by in-district staff, private contractors and through the auspices of the Somerset County Educational Services Commission. The majority of the out-of-district placements are sent to the Commission for bidding. During the 1998-99 school year, SCESC handled 19 out-of-district routes and there was one joint transportation agreement (JTA) with Montgomery Township. Eleven in-district and two out-of-district special needs routes were contracted. District staff were assigned to six in-district, two out-of-district and eight pre-school runs.

The utilization of commissions and cooperatives is recommended as a source of efficiencies. Specializing in combining the needs of several districts into cost effective routes, the role of these consortiums in pupil transportation in the state has grown.

However, just as privatization should not be viewed as a quick fix for all district transportation problems, cooperative services are not always the most cost-effective method for attaining transportation routes. In order for both of these to be effective, care must be taken in both the presentation of the information and supervision of the final product.

It was noted by the team that while the district transportation supervisor does an excellent job of assessing district staff and matching yearly needs with available manpower and vehicles, there is less likely to be this same diligence when examining the routes created by the Educational Services Commission (ESC). Several of the routes contracted through the ESC for the 1998-99 school year as single runs were transporting students to schools whose location and corresponding bell schedules were suitable for consolidation. Likewise, there was no indication that preparation for routes to schools outside of Somerset County was shared with other county agencies for possible joint participation in bidding.

The chart below demonstrates the history of special needs transportation in the district over a three-year period, as reported on the District Report of Transported Students.

	In-District Special Needs	Out-of-District Special Needs
School Year 1997-98	490	85
School Year 1998-99	430.5	101.5
School Year 1999-00	393	112

The total number of special needs students in the district is slowly declining, however, the number of students being placed in out-of-district schools has grown steadily over the three-year period.

Costs for transportation of special needs students have risen from \$786,066 in 1997-98 to \$929,301 in 1998-99. The district projected a 3% increase in this line item; however, unanticipated student expenses created a 19% jump over the previous year.

Several of the out-of-district routes bid through the SCESC were very costly, with five having a bid price of over \$30,000.

Recommendations:

The district should carefully assess the student routes sent to the SCESC for bidding, being certain that they can not be handled more economically by a district arranged JTA, or in-house. Routes for students attending the HCESC School in West Amwell and those going to Eden in Princeton might be joined with Hunterdon County districts.

LGBR found several instances where the ESC bid separate routes for out-of-district students when the schools attended were of close enough proximity that the routes could have been combined. Students attending the Titusville Academy and Princeton Child Development Center could have shared a bus thus saving the cost of one route. In addition, routes to the Learning Center in New Providence and to Summit Speech, also located in New Providence, could possibly be combined for at least one portion of the day. Hillsborough staff should closely scrutinize all routes compiled by the SCESC to be certain that all areas are being explored for efficiencies.

Cost Savings: \$35,000

The district should consider combining the routes to the Somerset Secondary Academy and the Somerset Elementary Academy, thus saving the expense of an additional route.

Cost Savings: \$11,800

Non-Public Transportation

As required by the rules and regulations of the state board, the district receives applications for transportation to non-public schools before the beginning of the school year. Preceding the 1997-98 school year, school districts would receive applications, develop bus routes and specifications, and advertise for bids. The New Jersey Administrative Code and the New Jersey State Statutes governing non-public transportation are very specific in their requirements. Upon receipt of an Application for Private School Transportation, a district must provide transportation if both the student and the private school meet the requirements stated, and the total cost of the transportation does not exceed the allowable amount designated for that school year. Those students who could not be accommodated by bus routes under these conditions were placed on the list to receive aid in lieu of transportation.

Under legislation enacted prior to the 1997-98 school year, it was strongly suggested that districts paying aid in lieu to parents of non-public students submit the applications to a cooperative agency, i.e., an educational services commission or LEA district. The function of these agencies would be to combine the needs of several districts in the area of non-public transportation to provide transportation for additional non-public students. The impetus behind this legislation was to lower the costs of private school transportation by reducing the number of parents being paid aid in lieu, and to answer the many complaints from private school administrators who believed that adequate efforts were not being made to provide transportation for students attending their schools.

The number of non-public students in Hillsborough provided with transportation has historically been well above the state average for a semi-rural district. During the 1997-98 and 1998-99 school years, 60% of the total non-public students were placed on bus routes.

However, the district was exposed to enormous amounts of publicity during the summer of 1999 as preparations were made for the upcoming school year. Contractors who had bid and performed non-public routes in the past lacked the personnel to renew or bid on routes. Many of

the families whose children had been transported to private schools in the past were faced with having to find their own transportation. Both the press and the parents made accusations of duplicity on the part of the contractors and/or mismanagement by the school district.

Through additional bidding and lengthy negotiation with contractors, the district was able to arrange transportation for a little less than half of the non-public students. The district transportation department has also arranged transportation for several students through shared services with other districts (Joint Transportation Agreements).

Recommendation:

The district should consider working more closely with the ESC and adjoining districts to increase the number of joint transportation agreements to non-public schools.

Courtesy Busing

As stated in another area of this review, courtesy busing is defined as transportation of students who reside two miles or less from the school for elementary grades, and two and one half miles or less for the secondary grades. Under state guidelines, this transportation, if provided, is unaided.

Through the past several years, courtesy busing has also been referred to as “safety” busing and “hazardous” busing. However, the terms utilized in statute and code to refer to these students are “remote” and “less-than-remote”. For the purposes of this comparison, the terms utilized will be “courtesy” and “eligible”, eligible signifying that transportation for these students qualifies for state aid.

The table below shows the breakdown of courtesy to eligible students reported on the DRTRS over a three-year period.

School Year	Total Students Transported	Eligible Students Transported	Courtesy Students Transported
1997-98	5,864	3,476	2,388
1998-99	6,066	3,455	2,611
1999-00	6,290	3,226	3,064

As noted in the overall description of the Hillsborough School District, there are seven elementary schools, one high school and one middle school in the district. Of these, only three of the elementary schools are sufficiently rural to possibly warrant transportation of less-than-remote students. The remaining schools are in areas of increasing population with well-planned housing developments that provide well-constructed sidewalks and street lighting.

The cost for courtesy busing for the 1998-99 school year identified by the district in the 1998-99 District Budget Statement of Certification was \$626,484. Based on the number of courtesy students from the above table, the district was utilizing a per pupil cost of \$239.94. However, an examination of the actual costs for 1998-99, taken from the CAFR, shows that per pupil costs for the district for regular to and from transportation were \$348.40.

It was determined during interviews in the field that courtesy busing had been instituted at one elementary school in the district four years ago due to an ‘unmanageable’ number of parents driving students to and from school, thus creating traffic problems. When other parents in the district discovered that students were being transported to this particular school, they demanded the same for their students attending the other schools in the district. Written and “understood” policies of the Hillsborough school board require that all kindergarten through third grade students be bused, regardless of their proximity to the school and adequate sidewalks. The majority of students in all grades are transported to school.

Recommendations:

The LGBR team recommends that 1) all future calculations for courtesy busing costs reflect actual per pupil costs, 2) all charges for transportation services reflect actual per pupil costs and 3) a standard cost be established for each school year.

The LGBR team recognizes that there exist within the district numerous hazards for students walking to and from school. Given these conditions, an alternate recommendation is being made as a compromise to the complete elimination of courtesy busing.

Due to the hazardous location and a lack of adequate sidewalks, a common sense approach leads the team to make no recommendation for reduction in courtesy busing for the Sunnymead School, Hillsborough Elementary, and Woodfern Elementary.

However, busing to the remaining schools should be re-examined, with careful consideration given to the factors driving courtesy busing decisions.

Current law does allow for “subscription” busing, which is being applied in many school districts. Subscription busing permits a district to place courtesy students on bus routes, then defray the costs by charging all or a part of the expense back to the parents or municipality. As a tax saving recommendation, parental payments are preferred by LGBR.

Recommendations:

The district should consider, as an alternative to the total elimination of courtesy busing in the district, the following reductions in runs:

Hillsborough High School	6 runs
Hillsborough Middle School	6 runs
Triangle Elementary School	10 runs
Woods Road School	6 runs
Amsterdam School	5 runs
Auten Road School	8 runs

Due to the nature of the ‘tiered’ run configuration of the bus route contracts, an actual savings number is difficult to project. This is due to the fact that all packages of runs

would have to be reconfigured to address the recommended reductions. However, a fair cost of \$12,000 per run can be assigned based on standard costs in the county and current charges to the district by vendors.

Cost Savings: \$492,000

The district should consider eliminating eight kindergarten routes that transport courtesy students. These runs are currently costing the district \$4,950 each.

Cost Savings: \$39,600

It is recommended that the remaining 23 kindergarten runs be packaged with other runs rather than bid separately. Similar bids in other districts have reduced the cost of kindergarten routes dramatically. For example, Hillsborough currently bids a package that includes a high school, middle school and Sunnymead run morning and afternoon. If a midday kindergarten was added to this package it is estimated that the current cost of \$4,950 for the kindergarten run could be reduced to \$2,250, thus saving \$2,700 per route.

Cost Savings: \$62,100

Total Cost Savings: \$640,500

A study was commissioned from the firm of Deloitte and Touche under the Governor's "Government That Works" initiative to examine transportation costs within the state and to make recommendations for lowering costs. This study, which was released in 1995, contained suggestions for improvement that will be integrated into the funding formula as incentives. Although the incentives will not become a part of the formula until the year 2000-01, information has been gathered from the district report of transported resident students for the past two years.

These incentives will be based on the utilization of school vehicles by the districts. Following the recommendation of the Deloitte and Touche study, 120% (1.20) student load per vehicle is standard, and the vehicle usage is referred to as the district's Efficiency Rating. In addition to incentives for achieving this percentage, penalties may apply in the form of withheld state aid.

Tiering bus runs and preparing runs that fill the vehicle are methods for improving a district's Efficiency Rating. Courtesy or hazardous students are not considered in the student load if the number exceeds 10%, with the exception of kindergarten through third grade courtesy students. However, transportation for these students will not be state aided. Hillsborough has done well in the efficiency rating, with a 1.32 rating for 1998-99, despite the high courtesy busing numbers.

Vehicle Maintenance and Repair

Vehicles for the buildings, grounds and transportation department are maintained and garaged at the facility located behind the transportation and maintenance offices at the old Bloomingdale School. There are 21 vehicles utilized by the buildings and grounds department, 14 school buses, and 11 trailers, tractors and mowers located at this site.

The district has one mechanic who has the responsibility for maintaining the equipment. When more extensive repairs are necessary that would require assistance, one of the general maintenance workers assists the mechanic, or the job is outsourced.

Below is a table demonstrating the vehicle maintenance costs for buildings and grounds and transportation for the 1998-99 school year.

	Buildings & Grounds	Transportation
Parts/Supplies	\$8,172	\$27,101
Contracted Services	\$10,534	\$2,718
Insurance		\$23,000
Fuel		\$9,600
Mechanic*	\$17,664	\$17,664
Garage Energy	\$2,775	

*Mechanic expenditures include health benefits and salary. **Insurance and fuel usage are not broken out in the budget for buildings and grounds vehicles. ***Garage energy reflected in one budget only.

Total vehicle expenses for the school year 1998-99 totaled \$119,227. Dividing this number by the pieces of equipment maintained, 46, produces a cost of \$2,592 per piece of equipment. The per vehicle costs for this district are approximately \$500 lower than similar districts, and competitive with a privatized shop. The lower costs in this area can be attributed to the one-man operation of the garage. The majority of districts of similar size maintain a larger mechanical staff, with an average staffing of two mechanics.

The district is to be commended for maintaining in the garage a smaller staff to vehicle ratio than similar districts.

Recommendation:

In the future, the district should budget the vehicle fuel and insurance expenditures for buildings and grounds equipment in the maintenance accounts rather than in the transportation line items.

FOOD SERVICES

Food Service

The district's food service program has been privatized for approximately 15 years. On August 1, 1998, a new food services vendor contracted with the district. As a requirement of their contract, the new food services vendor had a list of initial services for program implementation. This included the installation of double convection ovens, refrigerator/freezers and cash registers in all elementary schools. As a result of these upgrades, all kitchens in the school district are now production facilities.

Interviews were conducted with the food service director, and the review team visited each school kitchen and cafeteria. An analysis was also conducted on the financial records as reported in the Comprehensive Annual Report (CAFR) for school year 1998-99, which ended June 30, 1999.

According to CAFR and budget guidelines, if a district receives state and/or federal reimbursement for food service costs or collects fees from students for the cost of meals, the entire food service operation activity must be recorded in a separate enterprise fund and not within the general fund of the budget. Any contribution made by the board toward the food service operation is reported as a lump sum contribution transferred to cover any deficits. These costs should not be included elsewhere in the budget. However, if the board funds the full cost of the operation, the expenditure should be categorized and reported in the general fund. It should be noted that the district has not subsidized the food service program since 1984.

The Hillsborough Board of Education receives state and federal reimbursements and collects fees from the students for meals, therefore, the district reports the entire food service operation in the enterprise fund. Enterprise funds are used to account for operations that are financed and conducted in a manner similar to private business enterprise with the intent that the costs of providing goods or services be financed through user charges.

Scope of Program

The district maintains a total of nine production kitchens, one at each of the six elementary schools, two kitchens at the middle school, and a new high school kitchen facility which was under construction during the time of the review team's visit. Staffing for the food service program includes a food services director and an assistant, eight lead workers who are full-time employees, and 33 part-time employees who work between four to six hours per day. All employees who work 30 hours per week are entitled to five personal days, health benefits, stock options and the retirement savings plan offered by the food service vendor.

The district also employs lunchroom aides to assist with cafeteria supervision in the elementary schools. The amount incurred for 59 lunch/playground aides for 1998-99 was \$257,896.

During the 1998-99 school year, the food service vendor served 22,501 free lunches, 12,836 reduced lunches, 301,489 paid lunches, 494,084 a la carte lunch equivalents for a total of 830,910 lunches served.

Financial

The financial information presented reflects the performance of the previous food service vendor for 1996-97 and 1997-98, which announced its intention to cease operations on July 31, 1998. The contract with the new food services vendor for 1998-99 calls for a general support services allowance equal to \$.04 per pattern meal/meal equivalent or \$31,409. In addition, the district shall pay the food services vendor a management fee equivalent to \$.03 per pattern meal/meal equivalent or \$23,557. The food service vendor guarantees that the district shall receive an annual financial return of \$24,202 to cover the food service program expense. If the financial return for the food services program falls short of the aforementioned amount, the food service vendor shall absorb all such losses and continue to operate the program at no cost to the district. The district shall not be obligated to subsidize the food service program.

During school year 1998-99, the new food services vendor charged \$1.75 for a student lunch in the elementary school, \$1.90 in the middle school and \$1.90 in the high school. Adult lunches for teachers and staff were \$2.15 in the elementary school and \$2.30 in the middle school and high school.

A summary of the food service enterprise fund for the district reveals an operating cost of \$1,297,742 for school year 1998-99. This cost was charged against \$1,131,463 in revenue generated from the 830,910 lunches served during the school year. The revenue included \$166,279 in reimbursements from the state and federal government. Based on these revenue and cost amounts, and the combination of all meals served, each meal cost the district \$1.49 and each meal generated \$1.56 in revenue for the program, for a profit of \$.07 per meal served.

Hillsborough Township Board of Education Results of Operation for 1998-99 Enterprise Fund				
	1996-97	1997-98	1998-99	1998-99 % Total Operating Revenue Expense
OPERATING REVENUES:				
Food Service Sales	\$583,784	\$583,784	\$563,566	50%
Daily Sales Non-Reimbursable Programs	\$411,806	\$411,806	\$508,725	45%
Special Functions	\$2,368	\$2,368	\$13,414	1%
Program Fees	\$	\$39,464	\$45,759	4%
Total Operating Revenues	\$997,958	\$1,037,423	\$1,131,463	100%
OPERATING EXPENSES:				
Salaries	\$384,683	\$414,770	\$446,367	36%
Employee Benefits	\$136,272	\$138,574	\$94,434	8%
Management Fees	\$35,000	\$35,000	\$23,557	2%
Supplies and Materials	\$67,201	\$71,059	\$104,806	8%
Depreciation	\$1,920	\$1,920	\$13,936	1%
Cost of Sales	\$523,570	\$523,570	\$556,046	45%
Other				
Total Operating Expenses	\$1,148,647	\$1,184,893	\$1,239,146	100%
Operating Income (Loss) before transfer	-\$150,689	-\$147,470	-\$107,682	
Non-Operating Revenues:				
State Sources:				
State School Lunch Program	\$16,423	\$16,423	\$15,892	10%
Federal Sources:				
National School Lunch Program	\$124,201	\$124,201	\$119,381	72%
Special Milk Program				
USDA Commodities	\$52,604	\$52,604	\$31,005	18%
Board Contributions				
Interest Revenue				
Total Non-Operating Revenues	\$193,227	\$193,227	\$166,279	100%
Income Before Operating Transfers	\$42,539	\$45,757	\$58,596	
Operating Transfers In - Board Contribution			\$36,347	
Net Income (Loss)	\$42,539	\$45,757	\$94,943	
Add Back Depreciation on Contributed Capital				
Increase/ (Decrease) in Retained Earnings				
Retained Earnings/(Deficit) July 1	\$12,930	\$22,200	\$67,957	
Retained Earnings/(Deficit) June 30	\$55,469	\$67,957	\$162,900	
Source: 1998-99 Comprehensive Annual Financial Report (CAFR)				

The 1998-99 operations budget included a line item for board contributions in the amount of \$36,347, which represented the start-up requirement of the new food services vendor.

When comparing the percentages of expenses to the industry average, the district is within the industry average for payroll and miscellaneous costs.

Findings:

The food service program operates effectively, with revenues exceeding the operational cost of this enterprise program.

BOARD/SUPERINTENDENT

The Hillsborough Board of Education consists of nine members who are elected to serve overlapping three-year terms. Three members are elected each year, plus occasionally there is the replacement for any member who does not complete the three-year term. The board normally meets twice per month with one work meeting and one regular meeting.

The superintendent, in consultation with the board president, prepares the agendas for regularly scheduled and work session board meetings. The agendas, with supporting materials, are distributed three days prior to board meetings. The agendas also allow time during the meetings for remarks by citizens, staff members or students who wish to speak briefly before the board. Board meetings are videotaped for later television presentations.

Board committees include curriculum, finance, facilities, long-range planning, personnel, policy and communication. Committees, which are normally composed of three members, conduct studies, make recommendations to the board and act in an advisory capacity. Committees are not authorized to take action on behalf of the board. The board president serves as ex officio member of each committee, and a member of the central office administration serves as an advisor and/or staff person. As a relatively large school district, Hillsborough has the advantage of having three central office administrators to work with the respective board committees. Also, these administrators, who have been employed in the district for a number of years, provide articulate, stable and experienced administrative leadership.

As required by code, the board of education evaluates the superintendent annually. And, utilizing New Jersey School Boards Association materials, the Hillsborough Board of Education members and three central office administrators conduct an annual self-evaluation in the areas of board operations, board/superintendent, board/staff and board/community, which recently resulted in the identification of the following strengths:

Strengths

- Acting as a policy making body.
- Leaving administration to the educators.
- Acting legally in all cases.

- Conducting meetings in an orderly, productive manner.
- Attendance.
- Communications with the superintendent.
- Encouraging public participation and use of facilities.

The evaluation also listed some concerns and challenges for continued improvement for the future.

The review team attended several Hillsborough board meetings and was favorably impressed with the businesslike and considerate manner in which the meetings were conducted. Public participation was encouraged and it was obvious that the board president and individual board members were interested in conducting productive meetings and in communicating with the public.

While maintaining appropriate board/superintendent relations is an ongoing communications effort, the review team noted that the Hillsborough Board of Education provides a positive directional policy framework for the operation of the school district. The board of education understands the respective roles and functions of a board of education and the administration and normally operates accordingly. The coordinated efforts of the board and administration contribute significantly to the positive human relations and relatively efficient and cost effective operation of the school district.

III. COLLECTIVE BARGAINING ISSUES

The three following sections of the review report which cover the respective negotiated agreements are presented separately, as school officials cannot unilaterally alter the terms of the negotiated agreements. *Any of the recommendations in the following sections, which involve changes to the negotiated agreement, necessarily would require negotiations and agreement by the respective parties in order to be implemented.* These sections will deal with those aspects of the contract, which have more direct financial or productivity implications. **Review team recommendations, conclusions, or statements of fact are inserted in bold type within the contract language summaries.**

Hillsborough Education Association Agreement

The agreement with the Hillsborough Education Association and the Board of Education of Hillsborough Township was signed on March 4, 1997 and was retroactive to July 1, 1996 and continued in effect until June 30, 1999. The 87 page agreement applies to classroom teachers, nurses, librarians, social workers, supplemental teachers, reading teachers, home instruction teachers, learning disability specialists, special education teachers, coaches, audio visual coordinator, 10 and 12 month office personnel, library assistants, permanent school aides, instructional assistants, accounting clerks, guidance counselors, clerical assistants, data entry operator, payroll bookkeeper and head bookkeeper, custodians, maintenance personnel, pupil transportation drivers and mechanics. This report will deal with those aspects of the contract which have productivity and/or financial implications for the school year 1998-99, which is the year being analyzed.

Vandalism Reimbursement

The board establishes a yearly fund of \$500 to reimburse employees for damage caused by vandalism on their cars while in school district parking facilities. Unused funds accumulate to a maximum of \$1,000.

School Calendar

The normal teacher work year is 185 days with additional orientation days required for new teachers.

Teacher Work Load

Teachers are required to report for work five-minutes prior to the scheduled arrival of the first school bus and are allowed to leave five-minutes after the scheduled departure of the last bus in the afternoon. High school teachers receive five conference periods per week. Elementary teachers receive a 40-minute duty free lunch.

Sick Leave

All 10-month employees receive 12 sick days and all 12-month employees receive 14 days. Sick leave is cumulative, with no maximum.

Sabbatical Leave

The board upon the recommendation of the superintendent may approve up to three sabbatical leaves per year. The board assumes 50% of the teacher's salary. Teachers, in turn, must agree to return to the district for two years or reimburse the district on a proportional basis.

Professional Improvement

Teachers can be reimbursed for up to 15 graduate credit hours during the school year. Teachers enrolled as full-time students, on an approved sabbatical leave, are eligible for reimbursement of up to 30 credit hours. The benchmark for each course tuition rate is that of The State University or New Jersey State Colleges.

Insurance

The district provides the following health care insurance benefits:

- The district pays 100% of the premium for those individuals hired prior to July 1, 1996 and their dependents for hospital room and board and miscellaneous costs, maternity costs and surgical costs. Those employees hired after the above date will receive health care insurance at the FlexCare Point of Service ("DPP") rate for the first three years of employment. After three years the employee may elect any of the coverage at no additional cost.
- The district pays 100% of the premium for those individuals hired prior to July 1, 1996 and their dependents for outpatient laboratory fees, technician's expense, therapy treatment and major medical. Those employees (and their dependents) hired after the above date will receive paid health insurance at the FlexCare Point of Service ("DPP") rate for the first three years of employment. After three years the employee may select any of the coverage at no additional cost.
- Effective July 1, 1998, a \$50 deductible for the individual and family for dental care is required.
- The deductible under major medical is \$100 for the individual and \$200 for the family. The lifetime maximum is \$1,000,000.

Recommendations regarding medical and dental insurance are presented in the health insurance section of this report.

Retirement

Any teacher with 20 years experience who retires will be reimbursed at his or her per diem rate at a ratio of one day's pay for every five sick days accumulated.

The 1999-2002 successor agreement places a cap on this benefit.

Office Personnel**Working Conditions**

- The workweek is 35 hours.
- Time and one-half is paid for work in excess of 40 hours.
- Double time is paid for work on Sundays and holidays

Retirement

Office personnel with 15 years of experience, who retire, will receive per diem reimbursement at a ratio of one day's pay for every five sick days accumulated.

The 1999-2002 successor agreement places a cap on this benefit.

Vacation

New employees receive one day per month up to a maximum of 10 days. Each employee is entitled to 10 vacation days a year for the first five years. Additional vacation time accrues to each employee as follows: 15 days after five years; 20 days after 17 years; an additional day is added per year to a maximum of 25 days granted at 22 years of service.

Holidays

All office personnel receive 16 paid holidays per year.

Library Assistants**Working Conditions**

- Library Assistants report five days prior to new teachers and work 10-month contracts through June 30th.
- The workweek is 35 hours with a one-half hour lunch period per day.

Retirement

Library assistants are entitled to the same benefits as those received by office personnel.

Instructional Assistants**Working Conditions**

- Instructional assistants work from September 1 through June 30.
- The workday is the same as the teacher(s) to whom they are assigned.

Clerical Assistants

- Clerical assistants report five days prior to new teachers and work a 10-month contract through June 30. Additional days prior to September 1 will be pro rata.

Permanent School Aides**Working Conditions**

- Permanent school aides are employed while school is in session.
- The principal determines the length of the workday.

Custodians and Maintenance Personnel**Working Conditions**

- All custodial and maintenance personnel are employed for 12 months and work a 40 hour workweek.

- Overtime is paid in excess of 40 hours per week or eight hours per day.
- Employee overtime is equalized whenever possible.

Vacations

Custodial and maintenance personnel receive the same vacation benefits as office personnel.

Equipment

The board supplies five uniforms, one pair of coveralls, one jacket, one set of foul weather gear and one set of insulated garments to all maintenance personnel. Five uniforms are supplied to custodial personnel. Two pairs of safety shoes are supplied to full-time maintenance and custodial personnel. All are supplied on a yearly basis.

Terminal Leave Pay

Any custodial or maintenance worker who leaves the school district after 15 years shall be eligible for terminal leave pay of one day's pay for every five days of accumulated unused sick leave.

The 1999-2002 successor agreement places a cap on this benefit.

Transportation Personnel

Working Conditions

- Transportation personnel are employed for 10-months.
- Overtime is paid for time worked above 40 hours.
- The board assumes the cost of the required biannual physical examination.

Mechanics

Working Conditions

- Mechanics are 12-month employees and work 40 hours per week.
- Overtime at time and one-half is paid after 40 hours.

Vacations

Mechanics receive the same vacation benefits as office personnel.

Equipment

Mechanics receive the same clothing allowance as maintenance personnel.

Terminal Leave Pay

Mechanics are entitled to the same terminal leave pay as maintenance and custodial personnel.

Insurance

All eligible (27 hours per week on a regular basis) custodial, maintenance, pupil transportation drivers and mechanics receive the following insurance benefits:

- The district pays 100% of the premium for those individuals hired prior to July 1,1996 and their dependents for hospital room and board and miscellaneous costs, maternity costs and surgical costs. Those employees hired after the above date will receive health care insurance at the FlexCare Point of Service ("DPP") rate for the first three years of employment. After three years the employee may elect any of the coverage at no additional cost.
- The district pays 100% of the premium for those individuals hired prior to July 1,1996 and their dependents for outpatient laboratory fees, technicians expense therapy treatment and major medical. Those employees hired after the above date (and their dependents) will receive paid health insurance at the FlexCare Point of Service ("DPP") rate for the first three years of employment. After three years the employee may select any of the coverage at no additional cost.
- Effective July 1,1998, a \$50 deductible for the individual and family for dental care is required.
- The deductible under major medical is \$100 for the individual and \$200 for the family. The lifetime maximum is \$1,000,000.

Recommendations regarding medical and dental insurance are presented in the health insurance section of this report.

Sick Leave

All 10-month employees receive 12 sick days and all 12-month employees receive 14 days sick leave per year. Sick leave may be accumulated from year to year.

Salary Guides 1998-99

Teachers Salary Guide

Step	BA	BA+15	BA+30	MA	MA15	MA30	MA45	MA60	PhD
1	\$32,172	\$33,372	\$34,022	\$35,222	\$36,522	\$38,022	\$39,322	\$40,622	\$42,622
2	\$32,972	\$34,172	\$34,822	\$36,022	\$37,322	\$38,822	\$40,122	\$41,422	\$43,422
3	\$33,772	\$37,972	\$35,622	\$36,822	\$38,122	\$39,622	\$40,922	\$42,222	\$44,222
4	\$34,702	\$35,902	\$36,552	\$37,752	\$39,052	\$40,552	\$41,852	\$43,152	\$45,152
5	\$35,582	\$36,782	\$37,432	\$38,632	\$39,932	\$41,432	\$42,732	\$44,032	\$46,032
6	\$37,112	\$38,312	\$38,962	\$40,162	\$41,462	\$42,962	\$44,262	\$45,562	\$47,562
7	\$38,882	\$40,082	\$40,732	\$41,932	\$43,232	\$44,732	\$46,032	\$47,332	\$49,332
8	\$40,837	\$42,037	\$42,687	\$43,887	\$45,187	\$46,687	\$47,987	\$49,287	\$51,287
9-10	\$42,682	\$43,882	\$44,532	\$45,732	\$47,032	\$48,532	\$49,832	\$51,132	\$51,132
11	\$44,882	\$46,082	\$46,732	\$47,932	\$49,232	\$50,732	\$52,032	\$53,332	\$55,332
12	\$47,782	\$48,982	\$49,632	\$50,832	\$52,132	\$53,632	\$54,932	\$56,232	\$58,232
12A	\$50,661	\$51,861	\$52,511	\$53,711	\$55,011	\$56,511	\$57,811	\$59,111	\$61,111
13-19	\$53,939	\$54,739	\$55,389	\$56,589	\$57,889	\$59,389	\$60,689	\$61,989	\$63,989
20-24	\$56,126	\$57,476	\$58,158	\$59,418	\$60,783	\$62,358	\$63,723	\$65,088	\$67,188
25-29	\$59,027	\$60,350	\$61,066	\$62,389	\$63,823	\$65,476	\$66,910	\$68,343	\$70,584
30-34	\$61,978	\$63,367	\$64,120	\$65,509	\$67,014	\$68,750	\$70,255	\$71,760	\$74,075
35+	\$65,077	\$66,536	\$67,326	\$68,784	\$70,364	\$72,188	\$73,768	\$75,348	\$77,779

Split Step in 1998-99

Full-time employees on Step 12-13 in 1997-98 will go to Step 12 (not 12A) of the 1998-99 guide in September, 1998. In February, 1999 those same full-time employees will move to Step 13-19 on the 1998-99 guide.

Ten and Twelve Month Office Personnel

Step	10 Month Secretaries	12-Month Secretaries	Accounting Clerk	10-Month Data/Entry Operator	Payroll Bookkeeper	Head Bookkeeper
1	\$20,470	\$25,117	\$25,817	\$26,906	\$26,064	\$29,028
2	\$20,878	\$25,617	\$26,317	\$27,406	\$26,564	\$29,528
3-6	\$21,285	\$26,117	\$26,817	\$27,906	\$27,064	\$30,028
7	\$21,693	\$26,617	\$27,317	\$28,406	\$27,564	\$30,528
8	\$22,100	\$27,117	\$27,817	\$28,906	\$28,064	\$31,028
9-11	\$22,508	\$27,617	\$28,317	\$29,406	\$28,564	\$31,528
12-15	\$23,166	\$28,425	\$29,125	\$30,214	\$29,372	\$32,336
16	\$23,848	\$29,261	\$29,961	\$31,050	\$30,208	\$33,172
17	\$24,791	\$30,418	\$31,118	\$32,207	\$31,365	\$34,329
18	\$26,013	\$31,918	\$32,618	\$33,707	\$32,865	\$35,829
19	\$27,584	\$33,846	\$34,546	\$35,635	\$34,793	\$37,757
20	\$29,155	\$35,773	\$36,473	\$37,562	\$36,720	\$39,684
25	\$31,196	\$38,277	\$39,026	\$40,191	\$39,290	\$42,462
30	\$33,660	\$41,301	\$42,109	\$43,366	\$42,394	\$45,816

Library Assistants

Step	Salary
1	\$20,419
2	\$21,092
3	\$21,765
4	\$22,438
5	\$22,568

Instructional Assistants

Step	Daily Rate
1	\$101.99
2	\$105.25
3	\$108.50

Clerical Assistants

Step	Hourly Rate
1	\$13.62
2	\$14.05
3	\$14.49

Custodial and Maintenance Personnel

Step	Custodial & Maintenance Personnel	Elementary Building Custodian	Maintenance & Middle School Custodian	High School Building Custodian
1	\$22,849	\$25,849	\$29,499	\$30,049
2	\$23,349	\$26,349	\$29,999	\$30,549
3	\$23,849	\$26,849	\$30,499	\$31,049
4	\$24,349	\$27,349	\$30,999	\$31,549
5	\$25,522	\$28,522	\$32,172	\$32,722
6	\$26,522	\$29,522	\$33,172	\$33,722
7	\$27,522	\$30,522	\$34,172	\$34,722
7A	\$28,522	\$31,522	\$35,172	\$35,722
7B	\$29,146	\$32,146	\$35,796	\$36,346
8	\$30,392	\$33,392	\$37,042	\$37,592
9	\$31,783	\$34,783	\$38,433	\$38,983
9A	\$32,902	\$35,902	\$39,522	\$40,102
10	\$33,907	\$36,907	\$40,557	\$41,107
10A	\$34,907	\$37,907	\$41,557	\$42,107
11	\$35,683	\$38,683	\$42,333	\$42,883
12	\$37,110	\$40,110	\$43,760	\$44,310
13	\$38,899	\$42,044	\$45,870	\$46,446
14	\$40,844	\$44,146	\$48,163	\$48,768

Transportation Drivers

Step	Hourly Rate
1	\$16.86
2	\$17.06
3	\$17.26
4	\$17.46
5	\$17.66
6	\$17.86
7	\$18.06
8	\$18.26
9	\$18.46
10	\$20.42

The board of education and the Hillsborough Education Association reached agreement on a successor contract that was ratified in September 1999. Changes to the previous agreement include a cap on terminal leave pay and some modification of the salary guide. The reported increases were 3.5% (1999-00), 3.75% (2000-01), 3.75% (2001-02). A major change in longevity occurred in that the former payment of 5% in each of the last four steps was changed to a dollar figure of:

- \$3,000 for teachers with 20-24 years of experience, 10 of which are in the district.
- \$6,000 for teachers with 25-29 years of experience, 15 of which are in the district.
- \$9,000 for teachers with 30-34 years of experience, 20 of which are in the district.
- \$12,000 for teachers with 35 or more years of experience, 25 of which are in the district.

As more staff becomes eligible for this benefit, the above change in computation in the longevity steps will result in increasing savings to the district.

The district obtained a 20-minute addition to the elementary school day. The contract provides for 180 days of school for students and an additional five days for teacher preparations, in-service, etc. In return, the association retained the status quo in the medical benefits package.

Principals' Association Agreement

The agreement with the Hillsborough Principals' Association (HPA), effective 1997-00, covers principals, assistant principals, and directors of athletics, guidance and special services. The 15-page contract contains a number of articles (such as recognition, negotiations procedure, grievance procedure, administrators' rights and benefits, deduction of dues, sabbatical leave, miscellaneous, etc.), which are more procedural than economic. This report will deal with those aspects of the contract, which have more direct financial or productivity implications. Pertinent contractual provisions are summarized in brief outline form with attention to the 1998-99 salary guide, which is the year selected for financial comparisons with other benchmarks.

Work Year

Effective July 1, 1997, all new 12-month members of HPA will work the central office calendar. All other HPA members who are 12-month employees on that date will continue to work the current HPA calendar through June 30, 2000.

New 12-month members work an additional seven days when school is not in session.

Vacation

Each present member is entitled to 22 days vacation during the summer. In addition, vacation days will be granted during the school year when scheduled in the official school calendar. Should district needs dictate, members will be available for work during the normal Christmas and Easter recesses. Vacations of future members will be granted in accordance with board policy.

Sick Leave

Administrators are granted 14 accruable sick days per contract year. Any unused sick leave is cumulative from year to year.

Sabbatical Leave

The board upon recommendation of the superintendent may grant a sabbatical leave to no more than one administrator per year. Such sabbatical leave, if granted, shall be subject to the conditions as specified in the Hillsborough Education Association (1997-00).

Reportedly in recent memory no administrator has requested or been granted a sabbatical leave.

Benefits

With the exception of medical benefits, members receive the same benefits as the employees they supervise.

In accordance with the agreement between the district and the Hillsborough Principals' Association, a member can cash out sick days into a tax shelter annuity at the rate of five days for one day of pay.

It should be noted that the sick leave bank of one vice principal was reduced by 80 days, effective July 1, 1998, to receive an equivalent payment of 16 days (5 to 1), or \$6,305.92. In order to receive the sick leave cash out, the employee increased the 1998-99 tax shelter contribution by at least an equal amount.

Professional Dues

Upon the recommendation of the superintendent, members receive 100% reimbursement, up to a maximum of \$250, for payment of professional dues in organization(s) that provide specific information and services which enable the administrator to keep abreast of current research in the administrator's areas of specialization.

Physical Examinations

Subject to specific limitations, each administrator is reimbursed up to \$150 for a complete physical examination conducted by the physician of the administrator's choice.

Convention Expenses

At the discretion of the superintendent, one elementary school, one middle school, and one high school administrator can attend one national or state convention appropriate to his/her area of responsibility.

Damage to Personal Property

At the discretion of the board of education, administrators are reimbursed for the reasonable cost of any clothing and/or personal property damaged or destroyed as a result of vandalism or assault suffered by the administrator while in the performance of his/her duties. Such reimbursement is available only after all personal insurance coverage has been exhausted.

Insurance

The district provides the following medical/dental benefits:

- Effective July 1, 1997, the district pays the DPP-level premium for all members. The differential premium cost for the traditional plan is borne by each member who chooses said plan.
- Effective July 1, 1998, the deductible under the dental benefits is \$50 per calendar year, per individual served by the plan.

- Effective July 1, 1999, the district pays 90% of the DPP-level premium for all members. Each member pays the remaining 10% of the DPP premium. The differential premium costs for the traditional plan will continue to be borne by each member who chooses said plan.

The district continues to pay the annual premium for dental insurance for retired HPA members.

Recommendations regarding medical and dental insurance are presented in the health insurance section of this report.

Positions and Salaries

The 1998-99 school administrative positions were as follows:

Position (Category)
Elementary School
Principals (6)
Vice Principal/BSI(10 months)(1)
Middle School
Principal (1)
Vice Principal (12 months)(1)
Vice Principal (10 months)(1)
High School
Principal (1)
Vice Principal (2)
Director of Guidance(1)
Athletic Director(1)
Director of Special Services(1)

*Salary increases of 3.9%.

Annual salary for each current member of the HPA is set in accord with the previous salary plus the agreed salary increase. In 1998-99 Hillsborough principals' salaries ranged from \$80,964 to \$120,744 and vice-principals' salaries ranged from \$55,000 for 10 months to \$102,230 for a senior 12-month position. Directors' salaries ranged from \$80,425 to \$88,520.

Salary increments for members not represented by this agreement, but represented by the HPA, are calculated at the same amount as other members in the same job category.

Reportedly, newly employed or promoted members negotiate individually for initial salary level and future salary increases are in accordance with the negotiated contract.

Supervisors' Association Agreement

The agreement with the Hillsborough Supervisors' Association (HSA), effective 1997-00, covers supervisors of science, social studies, world languages, mathematics, industrial arts and business, physical education, visual arts, family and consumer science, nurse and special education. The 16-page contract contains a number of articles (such as recognition, negotiations procedure, grievance procedure, management rights, miscellaneous, etc.), which are more procedural than economic. This report will deal with those aspects of the contract, which have more direct

financial or productivity implications. Pertinent contractual provisions are summarized in brief outline form with attention to the 1998-99 salary guide, which is the year selected for financial comparisons with other benchmarks.

Teaching Hours and Teaching Load

High school department supervisors will work the same hours as the teacher workday. In addition, supervisors will work additional hours for a total of 40 hours for a five-day workweek. The hours to be worked will be determined by the supervisor and shared with the principal. The workday for half days, early dismissal days, late arrival days, conference days, etc., will be continued as per past practice.

In case of emergency delay or unusual circumstance in the arrival of one or more buses, the principal may require the number of department supervisors deemed necessary to remain with the pupils to provide the necessary supervision until the bus or buses arrive.

Members teach three periods per day in the current eight-period schedule if their department consists of 1 to 12 members. Effective September 1, 1998, any department supervisor with 13 or more members teaches two periods upon recommendation of the building principals and approval of the superintendent. Senior high school department supervisors receive at least five conference periods per week, except in cases of emergency.

The department supervisors' teaching load will be reopened for discussion as a condition of implementing any 4 x 4 block scheduling.

Faculty meetings are scheduled when determined necessary by the principal.

Professional staff members are to take part in all study groups as requested by the administration provided that assignments to such committees are made on a fair and impartial basis.

During emergencies, department supervisors will remain to assist in the control of students as long as the students remain on the school premises.

The current practice of class coverage occurring without additional compensation will continue.

Sick Leave

All department supervisors are entitled to 12 sick leave days each year as of the first official day of each year. Unused sick leave days accumulate from year to year with no maximum limit. Arrangements for additional sick leave in cases of emergency may be made at the discretion of the board.

Leaves of Absence

Department supervisors receive no less beneficial program than those received by employees whom they supervise.

Personal days can be taken anytime without reason as long as they do not adversely impact staffing as determined by the principal. Supervisors will give at least five days notice prior to intended use of personal days.

Sabbatical Leaves

Department supervisors receive no less beneficial programs than those received by employees whom they supervise.

Professional Improvement

The district provides a maximum allowance of \$2,000 each year for the collective membership to be used by department supervisors for attendance at state, regional, and/or national conferences. If funds are unused, this unused amount accumulates from year to year up to a maximum of \$6,000. The allocation of these funds is determined through a joint decision of administrators and supervisors. However, the final decision rests with the superintendent. The superintendent's secretary maintains a spreadsheet of financial transactions impacting this account.

Dues

The district reimburses a maximum of \$275 to each department supervisor for membership dues to county, state, and/or national departmental organizations.

Medical Insurance

The following medical insurance coverage is provided:

- Effective July 1, 1997, the district pays the Designated Provider Program (DPP)-level premium for all members. The differential premium cost for the indemnity plan is borne by each member who chooses said plan; however, no member's cost will exceed \$500 in 1997-98.
- Effective July 1, 1998, the deductible for individual and family plan under the dental benefits is \$50 per calendar year, per individual served by the plan.
- Effective July 1, 1999, the district pays 90% of the DPP-level premium for all members. Each member pays the remaining 10% of the DPP premium. The differential premium costs for the indemnity plan will continue to be borne by each member who chooses said plan.

Retirement Plan

Any supervisor who retires from the school district with 20 or more years of service in this district is eligible for terminal leave pay to be computed using the ratio of one day's pay for every five days of accumulated unused sick leave subject to the following procedures:

- Notice of intention to retire must be submitted to the superintendent of schools at least two months before the final budget involving the year of retirement; and
- Payment will be calculated on the number of unused accumulated sick leave days credited to the member on the effective days of retirement.

Twenty-year employees may transfer unused sick days to an annuity on a five to one ratio of current value each year in accord with state pension and federal tax shelter annuity regulations.

Positions and Salaries

High School Supervisory Positions	Number of days*
Social Studies (HHS)	195
Physical Education (HHS)	190
Special Education (HHS)	195
Industrial Arts/Business Education (HHS)	190
Science (HHS)	195
Mathematics (HHS)	195
Nurse Supervisor	195
Fine/Performing Arts (HHS)	195

- *1) Total days include the two administrative in-service days.
- 2) The superintendent normally will not grant per diem compensatory time for additional time worked, except under special circumstances.
- 3) Summer workdays are based on a seven-hour workday.

New department supervisors are required to attend additional orientation days as provided by the district.

No member earns an annual salary which is lower than that which would have been received as a teacher if placed on the appropriate step of the Hillsborough Education Association salary guide recognizing education, experience and longevity.

The eight supervisors' salaries ranged from \$67,153 to \$89,398 during 1998-99 with salary increases of 3.9% over 1997-98 salary. Also, if employed 10 additional days salary multiplied by 1.04% or if five additional days multiplied by 1.02%.

District supervisors who are not currently represented by any organization are listed in the following table:

Supervisory Positions (K-12)	Number of days*
Reading	204
Educational Technology	245
District Mathematics	204
Language Arts	209
District Science	245
District Social Studies	195
Fine Arts	204
District World Languages	204

The Gifted and Talented Supervisor/HMS Vice-Principal also works 195 days.

The K - 12 supervisors' salaries ranged from \$60,000 to \$87,039 during 1998-99. Reportedly, salary increases for these individuals are determined on the basis of performance. The board of education provides the superintendent with a pool of money typically comparable to the per cent

increase negotiated with bargaining groups. The superintendent recommends an individual salary increase for each employee on the basis of job performance for board approval. The board in a similar fashion approves annual salary increases for the superintendent.

Other support staff, in addition to the superintendent and business administrator, who are not in a bargaining unit include three executive secretaries, four technicians, the assistant business administrator/board secretary, the personnel assistant, the purchasing assistant, the supervisor and assistant supervisor of transportation, and the courier.

Vacation time, personal days and sick days comparable to the terms of negotiated agreements are provided for those persons who are not in bargaining units.

Health Insurance

In 1998-99 the district spent about \$4.6 million on health insurance including medical benefits, prescription drugs and dental coverage. This report focuses on the 1998-99 school year because this is the most recently available audit. However, when recommending future changes in health insurance LGBR uses the most recent information available concerning the number of employees, negotiated settlements and health insurance costs. This is done to account for the rapid cost and coverage changes that occur in the health insurance industry.

In 1989 the district began a minimum premium plan which means the district pays its own claims up to specified liability limits. This plan continues today with the same insurance company. According to the business administrator, the district selected this type of insurance because Hillsborough has an excellent claims record compared to other districts. Joining a pooled insurance arrangement with districts with worse experience would penalize Hillsborough. The district has a stop loss liability limit per person of \$75,000 and an aggregate stop loss amount that equals its annual premium, that is \$4.6 million. The insurance company is responsible for processing claims.

Every couple of years the business administrator and the broker try to obtain lower costs by receiving competitive proposals. They also compare their costs to pooled arrangements such as the State Health Benefits Plan (SHBP). The review team compared the district's premium charges to the SHBP and found that they compare favorably (includes prescription plan). The district's total costs are slightly higher (\$133,135 or 3.3%) but the district's plan has lower co-payments and more network options.

In addition to selecting an alternative insurance arrangement, the business administrator and the broker have implemented other innovative efforts to control health insurance costs. In calendar year 1996 the district offered a lower cost alternative to the traditional plan called Designated Provider Program (DPP). This program offers in- and out-of-network options. This plan costs the district an average of \$4,450 per employee. This is \$1,657 or 27.1% below the \$6,107 average cost per employee for its traditional plan.

In order to encourage employees into this plan and to take advantage of the large number of new teachers coming into the district (about 60 per year), the district negotiated changes in its health care coverage. The agreement required the district to pay only the DPP costs for new teachers

for the first three years. Any teachers choosing the traditional plan had to pay the difference in costs. About 95% of the new teachers chose the DPP and after the first three years about 95% of the employees stay in the plan. At the present time almost one-half of all the district's employees are in the DPP. The review team estimates that the implementation of the DPP saves the district about \$580,000 per year.

The district continues to implement initiatives to reduce health insurance costs. Its most recent labor agreements (7-1-99) with two small bargaining units (approximately 29 members) require members who select the traditional plan to pay the entire difference in cost between that plan and DPP. In addition, those selecting DPP must contribute 10% of the premium costs. These changes reduced the district's costs by about \$29,000 per year. The recent settlement with the education association did not include these requirements.

The review team commends the district for initiating changes that reduced health insurance costs by \$609,000 per year. These changes include: (1) offering an alternative to the traditional health insurance plan and providing incentives to choose this plan (saving \$580,000 per year); and, (2) negotiating successfully with two small bargaining units to have members contribute a portion of their health insurance costs (saving \$29,000 per year).

The district has future opportunities to reduce health insurance costs considerably. The district could negotiate similar premium sharing arrangements with the education association as it has with two other bargaining units. If education association members in the DPP would pay 10% of their costs and those in the traditional plan would pay the difference between traditional and DPP, the district would reduce its annual costs by \$837,248. The annual increase in costs for employees in the traditional and DPP plans would be \$1,657 and \$445 respectively.

Recommendation:

The district should negotiate similar health insurance cost sharing arrangements with the education association that it has with two other bargaining units. These changes would reduce district costs by approximately \$837,248 per year.

In addition to comparing premium charges for different types of employees such as single, family, etc., the review team also compared the district's total health care cost per employee to our comparison districts. The purpose of this comparison was to see how the overall costs of its coverage, including broker fees, compared to districts with similar socioeconomic conditions and student population size. The review team did not address any differences in procedures covered, limitations in coverage, deductible and co-pay amounts, quality of providers, in- and out-of-network options, etc.

A comparison of Hillsborough's health benefit cost to the selected districts indicates that Hillsborough's cost per employee is \$5,973. This is \$556 or 10.3% above the \$5,417 average of the comparison districts (see table below).

District	Hillsborough	South Brunswick	Scotch Plains-Fanwood	Randolph Township	Three District Average
County	Somerset	Middlesex	Union	Morris	
# Employees *	776	1,075	650	626	784
Benefit \$	\$4,634,883	\$5,116,228	\$3,961,437	\$3,378,502	\$4,152,056
Cost/Employee	\$5,973	\$4,759	\$6,095	\$5,397	\$5,417

*The number of employees was obtained from the CAFR and is not audited.

Multiplying the \$556 by the number of employees at Hillsborough indicates that if the district's costs were the same as the average of the three comparison districts, it would spend \$431,456 less on health benefits. However, the review team did the same comparison for the prior year (1997-98) and found that Hillsborough's costs were about average.

There could be many reasons why Hillsborough's health insurance costs are average or higher than the average of the comparison districts in addition to those mentioned immediately above. The type of insurance Hillsborough has can cost more and change dramatically depending on claims experience. For example, the business administrator noted that the district had numerous employee pregnancies that might explain some of the higher costs. The review team's search for other possible explanations for these higher costs led to the fact that the district has not had a claims audit in more than five years which is an industry standard. A claims audit is a prudent business practice. This type of audit can identify items such as:

- Mistakenly paying premiums for employees who leave the district.
- Improperly accounting for provider charges, discounts, co-pays, credits, etc.
- Improperly categorizing employees, e.g., categorizing single employees as family coverage and vice versa.

Recommendation:

The district should continue to search for ways to reduce its health insurance costs. This effort should include: (1) comparing its total health insurance costs to similar districts and deciding, among other things, if its current method of providing insurance coverage is less expensive than pooled arrangements; and, (2) having a claims audit which may identify ways to reduce total health insurance.

Total Cost Savings: \$837,248

IV. SHARED SERVICES

Tremendous potential for cost savings and operational efficiencies exists through the implementation of shared, cooperative services between local government entities. In every review, Local Government Budget Review strives to identify and quantify the existing and potential efficiencies available through the collaborative efforts of local officials in service delivery in an effort to highlight shared services already in place and opportunities for their implementation.

Municipal

The central office staff of the Hillsborough School District is located in the municipal building. The school district receives the office space free of charge, which includes utilities, except for the telephone bills. This arrangement saves the school district about \$150,000 per year in the operating budget. The school district and township share the cost of a custodian to clean the central offices.

The municipal government uses all nine school buildings and sites for recreation programs. The municipal government uses these facilities at no cost to the municipal budget.

Use of Facilities

Board policy states that school buildings and grounds should be made available for community purposes provided that the use does not interfere with the educational program, plans of the school, or any uses of the schools by groups directly related to the schools. The use of school facilities must be requested in writing at least 14 days prior to the desired use date to the school business administrator.

The following groups are eligible to use school buildings and grounds:

1. Groups directly related to the schools and the operations of the schools, including pupil and teacher groups;
2. Groups indirectly related to the schools, including recognized parent groups;
3. Departments and agencies of municipal government;
4. Other non-profit groups located in the municipality;
5. Commercial or profit-making organizations physically located in the municipality who provide services to children; and
6. Any other group recommended by the school business administrator and approved by the board.

The use of school facilities is not granted for any other profit-making organization, partisan political activity, private social function, or any purpose prohibited by law.

The receptionist/building rental secretary in central office schedules the use of school buildings and fields in accordance with district policy and administrative regulations. The schedule is kept on a daily calendar basis in a loose-leaf binder with handwritten entries regarding the school, area, time, organization, and name and phone number of the contact person. Two types of

written application forms are utilized: 1) Application for use of school facilities for school sponsored activities and 2) Application for use of school facilities. In the latter form, any space rental charges are identified for the auditorium, all-purpose room, cafeterias, kitchen, gymnasium, classroom, special rooms, play fields and locker rooms. Also any needed services for police, firemen, faculty, student technician or custodian are listed. Users are responsible for the proper use and any damages to school equipment or facilities. Each user provides a certificate of insurance naming the board as an additional insured; however, the school business administrator may waive the insurance requirement dependent upon the level of risk.

Recommendation:

The district should consider providing the technical support to either create or purchase the software to schedule the use of school facilities/grounds on a computer. This use of technology would provide a more efficient process for this function and remove the necessity for repeated hand entries of the same information. It would also enhance the capabilities for monitoring and reporting on facility usage.

The payment of fees is based upon the following guidelines:

- School groups and Home and School Associations do not pay any fees for their use of school facilities.
- The use of school facilities for activities indirectly related to the schools, municipal programs, and other uses for children by non-profit groups are without cost to the user, except for any custodial or police charges.
- All other organizations pay the scheduled fee and the cost of any additional services required by the use.

The superintendent establishes rules and regulations regarding school use and sets forth four classes of users, with classes three and four paying fees as follows:

Fee Schedule for Facility Use		
	Class III	Class IV
Auditorium		
High School (Rehearsals are half price).	\$200	\$400
Gymnasiums:		
High School	\$200	\$400
Middle School	\$150	\$300
Elementary Schools	\$100	\$200
Cafeterias:		
High School	\$150	\$300
Middle School	\$100	\$200
Elementary Schools	\$50	\$100
Locker Rooms		
High School	\$50	\$100
Middle School	\$50	\$100
Classroom/Conference/Faculty Room	\$25	\$50
Fields:		
Varsity	\$200	\$400
Junior Varsity	\$100	\$200
Other	\$50	\$100
Fund Raising	\$100	\$500

A policeman is required for each group of 200 to 400 people and two policemen are required for over 400 people.

An examination of the fall building use schedule reveals that Hillsborough's multi-purpose rooms and gymnasiums are heavily used from 6 to 10 p.m. each weeknight. Municipal recreation activities, sports league basketball, soccer and softball and parochial school basketball activities are the most regular uses in the fall. The school cafeterias are used somewhat less frequently for theatre, dance lessons, cheerleading and large group meetings.

The tour of school buildings by the review team revealed that there has been some controversy regarding the scheduling of school building use. School principals are required to notify the central office in advance whenever they intend to utilize their buildings after school hours for a new or previously unscheduled activity. After some principals experienced difficulties in planning short-term developments, the length of the advance notice was reduced to two weeks.

The Hillsborough School District has a total of more than two dozen outdoor athletic fields, which are used by public school students and by various community organizations. As is often the case, reportedly the school and community requests for usage of outdoor facilities exceeds the available spaces.

Athletic Fields by Location

Schools	Fields	Schools	Fields
High School	Football/Track	Amsterdam	(2) Soccer/Lacrosse
	Practice Football	Hillsborough Elem.	Football
	Varsity Baseball		Soccer
	JV Baseball		Baseball
	Softball	Sunnymead	none
	(2) Soccer	Triangle	Field Hockey
Middle School	Soccer		Baseball
Auten Road	Baseball	Woodfern	Soccer
	Softball	Woods Road	Baseball
	Field Hockey		Soccer
	(2) Soccer		

Recommendation:

With the large number of organizations that wish to use the many school and municipal facilities and fields, school district and municipal officials should consider establishing on a cooperative basis a coordinating council (or committee) composed of an equal number of school and municipal representatives to meet regularly on a quarterly basis. The committee could be charged with these type functions:

- On-going assessments and continuing dialogue on the needs and interests of the community;
- Relating to and working with the various groups and organizations that operate in the community;
- Providing input for an interesting, diversified and meaningful program of activities, events for residents; and
- Planning and promoting within school district and municipal guidelines the best use of available buildings and grounds facilities.

The council could be assisted by an advisory committee, including interested organizations, sports club presidents, etc., and broad representation of the schools and community at large.

All facilities under the control of the board and township could be made available for use in implementing programs, subject to these conditions:

1. The district would reserve the right to restrict or limit the use of school facilities when activities may interfere with the ongoing K-12 educational program.
2. The township may limit or restrict the use of municipal facilities in the event such usage may interfere with necessary official functions.

The actual scheduling of activities in public schools and municipal facilities could be a shared endeavor or each agency could schedule its own facilities with current personnel. Centralized scheduling and managing the school, municipal, community and organizational use of all municipal and school facilities has proven successful in one district/municipality previously reviewed by LGBR.

The school district has been involved in a variety of shared service arrangements with the municipal government including the following:

- Schools have shared the district network with the township so that municipal offices have access to the school district server for Internet and e-mail services.
- District technician services are provided to the municipal government to “trouble shoot” their equipment.
- Technology training of municipal employees is available through the school district continuing education units (CEU) program.
- Various municipal departments utilize the district’s cable TV channel.
- The township inspectors are key participants in all of the current construction work in the school district.
- A wide variety of cooperative efforts, such as snow plowing, paving, parking lot sweeping, etc., occur informally through the municipal public works department.
- According to reports by several school principals, the relationship with the police department is very positive resulting in many cooperative endeavors.

School Districts

The Hillsborough and Montgomery School Districts are holding discussions regarding sharing the expense of cooperative distance learning projects.

Consortia

The district has taken advantage of the opportunity to economize through various consortia or special programs. The school district has an agreement with the Somerset County Educational Services Commission for participation in coordinated transportation services with an administration fee of 5% of contract costs. The district also has an agreement with the Middlesex County Educational Services Commission for the purchase of natural gas on a cooperative basis. School officials are aware of recent energy regulation in New Jersey whereby electricity can now be purchased competitively in bulk.

Reportedly, the Hillsborough School District has filed an application to participate in the Alliance for Energy Services (ACES), which is a joint purchasing group sponsored by the New Jersey Association of School Administrators, the New Jersey Association of School Business Officials and the New Jersey School Boards Association. Savings of 8.65% to 15% are reported available, depending on the rate class and service territory.

P. L. 1999, Chapter 60 was signed into law earlier this year by Governor Whitman to provide aid to local units of government, including school districts, to study regionalization and shared and consolidated services. A school district that plans to study or implement a regional service agreement may apply for a grant and/or loan to study regional service or consolidation opportunities and to fund one-time start-up costs of regional or consolidated services by visiting the DOE Website at: <http://www.state.nj.us.njded/grants/redi.htm> or by calling the DOE at 609-633-2454. District officials are encouraged to continue to explore additional areas where shared services would be cost effective for the school district and the municipalities.

V. STATUTORY AND REGULATORY REFORM

The fifth and final section of the report, Statutory and Regulatory Reform attempts to identify those areas where existing State regulations or statutory mandates, which appear to have an adverse effect on efficient and cost effective local operations, are brought to the attention of the LGBR review team by local officials. It is common for local officials to attribute high costs and increased taxes to “state mandates.” Each review team is then charged with reporting those areas in this section of the report. The findings summarized below will be reviewed by the appropriate state agency for the purpose of initiating constructive change at the state level.

Board of education members and key administrators were interviewed and given the opportunity to express their concerns regarding the various regulations that impact the public schools. During interviews district officials expressed some concerns in the following areas:

As a rapidly growing school district with frequent and relatively large school construction projects, district officials are concerned with the costs of work change orders. The architectural plans are presented for approval to the New Jersey Department of Community Affairs (DCA). After completion of the building construction, the finished product is subject to approval by the local building inspector. The code is sometimes interpreted differently by the DCA and the municipal building inspector, which results in expensive work change orders, which according to local school officials may total \$100,000 or more on a large building project.

Rapid growth in student population is related to the construction of new homes in the township. Some people suggest that builders should be required to make payments for school construction and/or operation as well as payment for road improvements.

Charter Schools

During 1998-99 there was an application submitted for creation of the Hillsborough Charter School. Since the application was not one of the charter schools approved by the Department of Education, a revised application was resubmitted in 1999-00. An application for a second charter school (Liberty Academy Charter School) was submitted in the fall of 1999 for operation in 2001.

Hillsborough school officials identified the primary impact as the method of funding for charter schools, which would take about \$550,000 or more in public tax money from the Hillsborough School District. Current law dictates that the charter schools receive 90% of the program budget, per pupil, per grade regardless of whether the students previously attended public school, were home schooled or attended private schools. And, the local school district is required to provide transportation services.

A conceptual concern centered on the lack of perceived need of the charter schools when located in suburban/rural communities with quality public school systems. Charter schools typically do not meet special needs as magnet schools or specialized schools, such as fine and performing arts high schools, academies of science, etc.

With respect to the alternation of current regulations and statutes, local school officials offered the following concerns for consideration by state officials:

1. Funding in the areas of special education needs yet another overhaul. This district is negatively impacted in a number of financial areas by the current code.
2. The funding mechanism for charter schools is simply poor public policy and should be amended. Charter schools should be funded directly by the state rather than through local public school budgets.
3. The fourth grade assessment Elementary School Proficiency Assessment (ESPA) should be eliminated. The assessment requires too much school time and money with limited educational value.
4. The CEIFA formula needs to be completely changed. In addition to a greater state contribution, the law should be amended so that school budgets are not voted upon by the electorate.
5. All state mandates should be fully funded.
6. The process of counting English as a Second Language (ESL) eligible students for funding purposes should be altered to include multiple criteria rather than a single test score.
7. In addition to planning grants, the state should offer substantial operational incentives that result in more sharing (district-to-district, district-to-county and/or district-to-municipality).
8. The state must begin to issue emergency certificates in the area of Spanish. Districts are unable to employ fully certified Spanish teachers since the new elementary world language requirement was enacted.
9. The transportation of non-public school students should be fully funded by the state.

LOCAL GOVERNMENT BUDGET REVIEW ACKNOWLEDGMENTS

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